

# Herald INTERNATIONAL Tribune

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Bahamas	1.00	Thailand	1.00	Switzerland	1.00	Swiss	
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Belgium	5.00	Japan	50.00	Germany	2.00	De	
Bolivia	3.00	Kenya	5.00	Italy	2.00	It	
Brazil	5.00	Malaysia	5.00	UK	2.00	UK	
Canada	5.00	Norway	5.00	USSR	2.00	USSR	
Chad	5.00	Peru	5.00	West Germany	2.00	FRG	
China	5.00	Poland	5.00	Yugoslavia	5.00	YUG	
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## Soviet Missile Subs Shift Patrol Focus To Europe's Waters

By John H. Cushman Jr.  
New York Times Service

WASHINGTON — The Soviet Union recently has stopped assigning nuclear missile submarines to patrol off the Atlantic coast of the United States, according to the director of U.S. naval intelligence, and is diverting them to European waters instead.

The move appears intended to compensate for the loss of land-based SS-20 medium-range nuclear missiles targeted against Europe, Rear Admiral William O. Studeman told the House Armed Services subcommittee.

Those missiles are to be destroyed under terms of the new arms control agreement signed by the United States and the Soviet Union.

Admiral Studeman's testimony, at a closed hearing March 1, was released by the Pentagon.

While the admiral said the shift in submarine operations would leave the strategic balance between the United States and the Soviet Union "essentially unchanged," it represents the first concrete sign of how the Soviet Union will adjust its nuclear forces once the treaty takes effect.

In an interview with The Associated Press in Belgium, General John R. Galvin, the NATO commander, said Soviet moves to reorganize its missile forces had been expected and did not violate the treaty.

The United States is expected to compensate in similar ways, such as shifting other weapons to cover important targets.

Without providing details, General Galvin, an American, said the



ARMENIANS RALLY IN MOSCOW — With a banner reading "Karabakh was Moscow to demand that the Nagorno-Karabakh region, now attached to the Azerbaijan Republic in Soviet Central Asia, be restored to Armenian control."

## For '88 Front-Runners, Caution Has Its Rewards

By Paul Taylor  
Washington Post Service

WASHINGTON — Woody Hayes, the legendary football coach at Ohio State University, never managed a presidential campaign, but his gift to strategic doctrine — "three yards and a cloud of dust" — has been adapted to great effect by the leading Republican and Democratic candidates this year.

Vice President George Bush and Governor Michael S. Dukakis of Massachusetts are both steady, honorable, nonflashy public servants who know how to make large organizations work.

Both care about process and fairness at least as much as they care about direction and results, and both have run their campaigns just as they have managed their careers: carefully, cautiously, step by step.

Their strategy for this year, with Mr. Bush on the verge of wrapping up the party's nomination and Mr. Dukakis holding a less conclusive lead in a much murkier contest, are not merely a tribute to management skills. They also suggest an electorate that is troubled about the nation's economic future, but has not heard anyone come up with a convincing fix and has decided that the best choice is a pair of steady hands.

Out on the stump, Mr. Bush and Mr. Dukakis exude no passion. Their speeches do not even acknowledge, much less try to grapple with, the fact question of 1988: Is America an empire in decline?

It was not Mr. Dukakis, but Representative Richard A. Gephardt of Missouri, who pumped the first big dose of energy into the Democratic campaign in January when he began delivering his America-first message on trade.

On the Republican side, it is Pat Robertson, the former television evangelist, who gets the loudest applause by telling audiences: "Why do we picky-picky on these little things while the whole nation is in danger of becoming No. 27? I'm not going to see America crash and burn. We want to be No. 1."

But last week, in the "Super Tuesday" contests in 20 states, Mr. Gephardt and Mr. Robertson crashed and burned. They are likely soon to join the ranks of the others who have quit the 1988 campaign: Bruce Babbitt, the former Arizona governor; Representative Jack F. Kemp of New York; former Senator Gary Hart of Arizona; former Governor Pierre du Pont 4th of Delaware; Alexander M. Haig Jr., the former U.S. secretary

of state. All were candidates who offered boldness, either in their policy proposals or in their temperament, persona and world view.

Not Mr. Bush and Mr. Dukakis. Their speeches steer away from solutions. They offer no gold standard to stabilize a gyrating dollar, no flashy, quick-fix responses to budget or trade deficits. Most strikingly, they are silent on the whole notion of decline and malaise.

One reason for this avoidance of hand-wringing hyperbole may be that both are politicians who have felt the sting of electoral defeat. That experience sensitized them to

one of the lessons that President Jimmy Carter's failed bid for reelection left for would-be presidents: In the United States, misery does not love company, at least not at the highest levels of government.

So what do Mr. Bush and Mr. Dukakis say about a nation that seems to be losing pre-eminence in the world economic order?

Mr. Bush: "I believe Americans want to compete rather than hide."

Mr. Dukakis: "The best America doesn't hide, it competes."

These common chords resound from more than a shared distaste for protectionism. Despite their dissimilar backgrounds, both men had similar values drummed into them by strong parents: Always

press ahead, never ask for more than your share, always be fair to others.

Mr. Dukakis has always wanted to tidy up the process, on the faith that good process makes good results. In his first term, he did not want legislators to have low license-plate numbers, on the ground that it was not fair. He conducted all cabinet meetings in the open. He would not appoint supporters to high office.

After all this virtue, plus tax increases and program cuts made necessary by a huge inherited budget deficit, the voters kicked him out.

Mr. Dukakis won the governorship again in 1982 and has been a

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**Jackson Triumphs in South Carolina**

The Associated Press

COLUMBIA, South Carolina — Jesse L. Jackson has triumphed decisively in the battle for South Carolina's 44 Democratic presidential nominating delegates.

Mr. Jackson won 54 percent of the vote in Saturday's caucuses, followed by Senator Albert Gore Jr. with 18 percent, Governor Michael S. Dukakis at 7 percent, Representa-

## Yugoslavia Parallels May Haunt Gorbachev

By Jackson Djehli  
Washington Post Service

WARSAW — Mikhail Gorbachev, who is in Poland for four days traveling through Yugoslavia this week, is likely to find a haunting image of the future Soviet Baltic well-developed, centralized enclaves that have used the principles of perestroika, the Kremlin leader's policy of economic restructuring, to pursue their own development and interests at the expense of nationwide economic growth and integration.

Yugoslavia suffered from bitter national rivalries long before Communist rule, and the extremes to which it took political decentralization in the 1970s are unimaginable in the Soviet Union. Nevertheless, much of its troubles with nationalism can be traced to a combination of political and economic factors remarkably similar to those Mr. Gorbachev faces.

The foundation of both countries' conflicts is the economic and political legacy of Stalinism, which was rigidly followed in Yugoslavia from 1945 until its break with Moscow in 1948 and was continued in modified form afterward. The centralist political policies of Stalinism meant that federal agencies and security police dominated by Serbians, Yugoslavia's largest nationality, repressed national aspirations among the country's six republics.

This was particularly true in Kosovo, which was dominated by Serbian authorities and police even though ethnic Albanians formed a large majority of the population. Albanians, who differ from Serbians in language, religion and culture, suffered systematic discrimination by the party bureaucracy.

Meanwhile, Stalinist economic policy set the stage for disaster. Yugoslavia, like the Soviet Union, was characterized by wide differ-

## Spain Offers to Provide Safe Haven for Noriega

By John M. Goshko  
Washington Post Service

WASHINGTON — In a gesture intended to help resolve the Panamanian political crisis, Spain has offered to provide a safe haven for General Noriega and in a separate meeting with Elliott Abrams, U.S. assistant secretary of state for inter-American affairs.

In his talk with Mr. Abrams, Mr. Yanez is understood to have said that the offer depends on U.S. agreement not to seek General Noriega's extradition from Spain to face the narcotics trafficking indictments returned against him last month by two federal grand juries in Florida. U.S. officials have not ruled out the possibility of such an arrangement, the sources said.

Spain also has insisted that the United States make clear that any

## Austrian Avalanches Kill 7

Max Schem/The Associated Press

ST. ANTON, Austria — Austrian rescue workers carrying the body of one of seven victims after avalanches hit the Arlberg ski village Sunday. Page 5.

## NEWS ANALYSIS

leaves behind bitter ethnic conflicts in Soviet Central Asia and rising nationalism in the western Baltic republics. In Yugoslavia, he will encounter nationalist problems that are remarkably similar in their dynamics and origin and have developed over the course of 20 years into a political deadlock.

In the arid, underdeveloped Serbian province of Kosovo, where political liberalization in the 1960s led to an explosion of nationalist violence, Mr. Gorbachev can find a nightmare vision of the future for Soviet Central Asia: a chronic zone of poverty and tension where ha-

## Klosk

**Iraq Breaks Missile Truce**

BAGHDAD (AP) — Iraq said it had fired a missile into Tehran on Sunday in retaliation for Iranian artillery shelling that killed 21 people in Iraqi border towns.

The attack came just two days after the two nations declared a truce following a 12-day missile assault on each other's capitals in which scores of civilians died.

## MONDAY Q&A

**Loret M. Ruppe, director of the Peace Corps, describes its expansion. Page 2.**

**Business/Finance**  
Morton Thiokol, maker of boosters for the troubled space shuttle, is likely to sell its aerospace division. Page 15.

**Personal Investing**  
The Tokyo market is experiencing a boom in new issues of small stocks. Page 7-11.

## In Japan, Americans Are Being Trained in the 'Toyota Way'

By Fred Hiatt  
Washington Post Service

TOYOTA CITY, Japan — David Everly, a 37-year-old visitor from Elizabethtown, Kentucky, struggled to keep pace with the half-built Toyota Camrys inching relentlessly down the assembly line, one every 58 seconds.

All around him, more experienced Japanese workers welded and buffed with seemingly insuperable deftness. Mr. Everly, his solid 6-foot (1.8 meter) frame a liability as he ducked and pivoted on a line scaled to smaller bodies, worked up a good American sweat and fell further and further behind.

"They work really hard here," Mr. Everly had said earlier with admiration. "My main job will be to motivate American workers to work as hard and as fast as Japanese workers. Frankly, I think it's going to be a challenge."

Mr. Everly, who will be a "team leader" when Toyota opens its first North American factory this May, in Georgetown, Kentucky, thinks he can do it. Toyota Motor Corp., Japan's biggest automaker and a

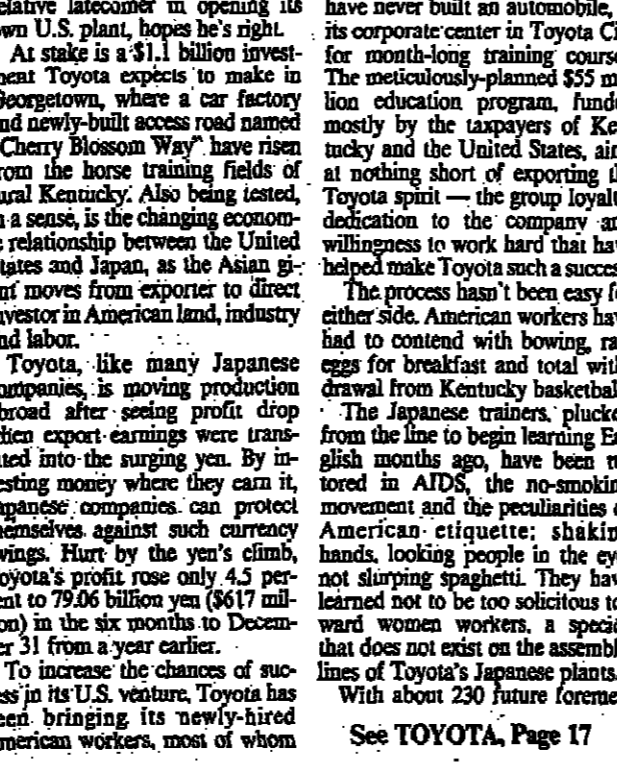
## Murray Weiss, Ex-IHT Editor, Is Dead at 64

Murray M. Weiss, 64, editor of the International Herald Tribune from 1966 to 1979, died on Saturday in Arlington, Virginia.

Mr. Weiss, known to friends as Buddy, was the first editor of the newspaper now known as the International Herald Tribune. He came to Paris in 1966 as editor of the European edition of the New York Herald Tribune. A year later, it changed its name and its ownership and became the IHT.

A decade ago, in March 1978, Mr. Weiss led the newspaper through its transition to the computer-directed worldwide publication of today. Obituary, Page 3.

## David Everly works on a Toyota Camry, watched by his Japanese trainer.



## Murray Weiss, Ex-IHT Editor, Is Dead at 64

relative latecomer in opening its own U.S. plant, hopes he's right. At stake is a \$1.1 billion investment Toyota expects to make in Georgetown, where a car factory and newly-built access road named "Cherry Blossom Way" have risen from the horse training fields of rural Kentucky. Also being tested, in a sense, is the changing economic relationship between the United States and Japan, as the Asian giant moves from exporter to direct investor in American land, industry and labor.

Toyota, like many Japanese companies, is moving production abroad after seeing profit drop when export earnings were translated into the surging yen. By investing money where they earn it, Japanese companies can protect themselves against such currency swings. Hurt by the yen's climb, Toyota's profit rose only 4.5 percent to 79.06 billion yen (\$617 million) in the six months to December 31 from a year earlier.

To increase the chances of success in its U.S. venture, Toyota has been bringing its newly-hired American workers, most of whom

## U.S. Worried Beijing May Sell Iran Jets

WASHINGTON — U.S. officials were reported to be concerned that China may be on the verge of selling F-7 fighter planes, a Chinese-produced version of the Soviet MiG-21, to Iran.

U.S. intelligence agencies are watching anxiously to see whether China's recent pledge to end deliveries of Silkworm anti-ship missiles to Iran will be expanded to include a cutoff of anticipated sales of several other types of weapons.

Government officials said that the Chinese foreign minister, Wu Xueqian, had pledged during a visit to Washington last week to end sales of Silkworms, which are capable of striking ships passing through the Strait of Hormuz at one end of the Gulf and have been

## Spain Offers to Provide Safe Haven for Noriega

deal involving General Noriega's exile is not part of an effort to abrogate the 1978 Panama Canal Treaty, which will give Panama control over the canal in 1999.

[In Madrid on Sunday, Mr. Yanez confirmed that Spain would be prepared to grant asylum to General Noriega if he stepped down. Reuters reported.]

The indictments have become a major obstacle to the U.S. effort to break General Noriega's grip on Panama by inducing him to give up command of the Panamanian Defense Forces and leave the country. General Noriega reportedly fears that if he leaves Panama, the U.S. courts will pursue him.

U.S. officials privately acknowledge that public opinion and congressional pressure prevent the Reagan administration from quashing the indictments.

In recent days, however, there has been speculation in Panama and in exile opposition circles about the possibility of an arrangement by which the United States would not actively pursue efforts to extradite General Noriega.

Diplomats and Panamanian sources there indicated that efforts

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See CHINA, Page 4

# The U.S. Peace Corps Remains Idealistic, but More Realistic

The U.S. Peace Corps is expanding after a period of decline. On Wednesday, China announced it would accept volunteers for the first time, and there are other plans to broaden the scope and improve the effectiveness of the organization. Lorett M. Ruppe, the Peace Corps director, spoke in Paris to Barry James of the IHT.

**Q. What is the biggest challenge facing the Peace Corps?**  
**A.** Being able to mobilize resources to allow more Americans to serve. We want long-term programs that really address the development needs of countries, and this takes staff and planning.  
**Q. What is your budget?**  
**A.** For 1988, \$146.2 million. I'm proud to say we now get more than military marching bands. Or put it another way, this year we are costing one half of one B-1 bomber, but all 5,300 of our systems were going.

**Q. You had 15,000 volunteers at the end of the 1960s, and little more than 5,000 today. Why?**  
**A.** Vietnam had a traumatic effect. Our budget fell because many congressmen thought it was hypocritical to support both the Peace Corps and the war. There was a lot of anti-Americanism in some of the countries in which we served. And with seven directors in 10 years, we had management problems.  
**Q. It's not lack of interest?**  
**A.** No. We had more than 200,000 inquiries, and 15,000 people filled in an application form last year.  
**Q. And developing countries still want to receive volunteers?**  
**A.** Every country we are in has to contribute to the support of the volunteers. Many of them face tremendous debt pressures. But 64 countries think it is worthwhile, and more are asking for volunteers.  
**Q. Among them China, which will receive 100 or so teachers of high school and college English. How do you rate that development?**

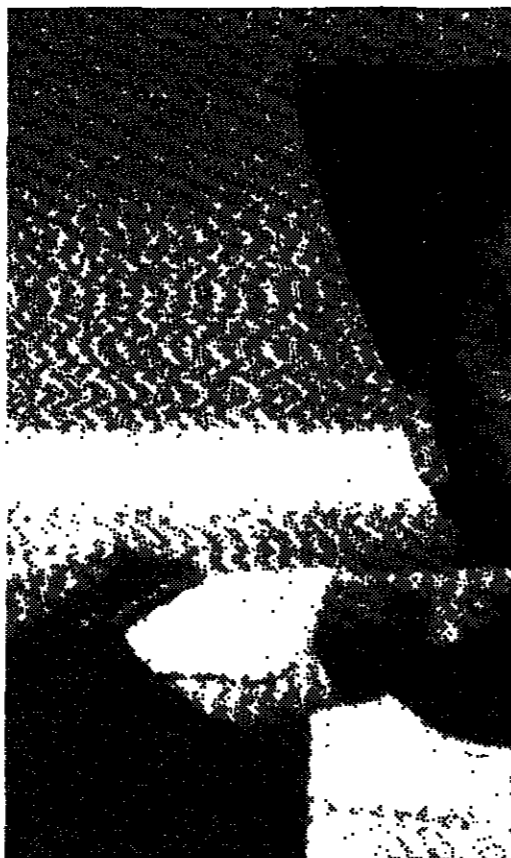
**A.** Fantastic. By understanding and accepting each other, we are on a path to improving relations between our peoples.  
**Q. Is there a difference between today's volunteers and those of the "Camelet" days of President Kennedy?**  
**A.** They are as idealistic, but they are also more realistic. They are older. The average age is 30 rather than 22 in the early days. And about 12 percent of our volunteers are over 50.  
**Q. Would you like to see more older people serving?**  
**A.** Precisely. Who better than someone who has proved his or her own way can advise a villager or small farmer how to market or improve quality of production? We are adjusting our training and support so that older volunteers can serve and really use the talent they've got. Age in the countries we serve is respected, which means that older volunteers can hit the ground running. President Reagan visited our volunteers in Mexico and was amazed to see people his age or older. He mentioned he might want to serve as a volunteer himself one day.  
**Q. Are you looking at other ways of expanding the pool of volunteers?**  
**A.** Yes. In our Leadership for Peace program, we are asking companies whether they will allow employees leaves of absence so that we can have experts who can teach women better accounting skills or teach farmers marketing techniques. We have an agreement with the National Park System to send people on sabbaticals. We have started a farmer-to-farmer program to send American farmers overseas for short terms to assist their counterparts in developing countries. We have just sent two beekeepers to Tunisia, where they will work with the backyard of a volunteer who has the language.  
**Q. You want manual as well as academic skills?**  
**A.** Certainly. Half the population in

## MONDAY Q&A

# Democrats Come to Terms With Jackson's Political Clout

By Michael Oreskes  
*New York Times Service*  
**CHICAGO**—The emergence of the Reverend Jesse L. Jackson as a major force in the Democratic Party is being greeted as an opportunity and a breakthrough by many of the same Democrats who were terrified by the idea a year ago. While they still wonder how Mr. Jackson will use his newly found political power, these Democrats say they have heard loud and clear Mr. Jackson's message: He does not intend, through his candidacy for the party's presidential nomination, to be a spoiler who could be blamed for a Democratic defeat in November.

Not entirely, of course. The new concern, indeed, revolves around Mr. Jackson's willingness, even insistence, on dealing. Mr. Stagle said that in 1984, when Mr. Jackson also ran for the presidential nomination, the problem between him and the party's nominee, Walter F. Mondale, was that Mr. Jackson did not know quite what to ask for and Mr. Mondale did not know what to offer.



Jesse L. Jackson speaking at a graduation ceremony at Michigan State University in East Lansing over the weekend.

People have asked what I want," Mr. Jackson said recently in a speech to Baptist ministers in his hometown of Greenville, South Carolina. "I want a humane government."  
 Bob Stagle, the Texas Democratic chairman, said he was convinced that Mr. Jackson would not put his own ambitions ahead of the party's imperatives. And Bruce Babbitt, the former Arizona governor and one of Mr. Jackson's rivals for the nomination until Mr. Babbitt withdrew from the race in February, said he would feel fine having Mr. Jackson consulted when the Democratic ticket is put together.

This time, Mr. Stagle said, Mr. Jackson will have a clearly thought-out agenda and the problem will be how to accommodate his reasonable requests, reject the unreasonable ones, and not have it look like the nomination is being bartered for accommodations with Mr. Jackson, who despite considerable strides remains widely unpopular with many white voters.

Some Democratic officeholders still fear that Mr. Jackson's prominence will frighten their constituents. In Cook County, Illinois, where Mr. Jackson's old image is far better known than it is nationally, those fears are already being played out.  
 "Wouldn't you be more comfortable in the Republican Party," said a flyer, distributed to voters in white neighborhoods, that described Mr. Jackson's potential role as a broker at the Democratic Convention.  
 However, Mr. Jackson's improving image among whites has made it safer for white politicians to endorse him, or at least be seen dealing with him.  
 The improvement is measured in The New York Times-CBS News poll of likely Democratic voters over the last few months. In May, only 15 percent of white respondents said they had a favorable impression of Mr. Jackson. In February, 26 percent did.  
 "I can visualize a scene in Atlanta in July with enough delegates to be nominated. But it is certain that he will hold the balance of power if no other candidate has emerged as the clear winner by the last primaries in California and New Jersey in June.  
 At times Mr. Jackson and his aides bridle at suggestions that he cannot win the nomination or has some other purpose. "No one asks what does Dukakis want," said one of Mr. Jackson's advisers, Basil Paterson, referring to Governor Michael S. Dukakis of Massachusetts, one of Mr. Jackson's rivals for the nomination.  
 But at other times Mr. Jackson talks like a senior party statesman, which is what most people who know him say he would really like to be. He is running to be the Democratic nominee, he said recently. But if he does not win, all the candidates must come together to assure a Democratic victory. "The convention should not be a baited ground," Mr. Jackson said.

Mr. Jackson's success so far in the primaries and caucuses has been the result of his relentless effort to broaden his appeal and shed the radical image of his 1984 presidential campaign.  
 After the results of the South Carolina caucuses over the weekend and the Illinois primary on Tuesday, he will almost certainly be the front-runner in terms of convention delegates accumulated in the Democratic race, party vote-counters said.  
 It is not likely that he will arrive at the Democratic Convention in Atlanta in July with enough delegates to be nominated. But it is certain that he will hold the balance of power if no other candidate has emerged as the clear winner by the last primaries in California and New Jersey in June.  
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Mr. Jackson's precise role will depend in good measure on what happens between now and the Democratic Convention. Among his supporters, officeholders and other mainstream Democrats, many of whom supported Mr. Mondale in 1984, generally share the view of Mr. Gray that party victory is the first priority.  
 But among some of Mr. Jackson's other supporters, many of whom have been with him through his civil rights days and his 1984 campaign, the symbolic importance of getting him on the ticket, even at the cost of defeat, has great appeal.

The message being circulated by his more moderate supporters is that he would much rather be an influential adviser to a Democratic administration than force himself onto a ticket if that meant defeat of the ticket in November.  
 "I think he recognizes he's achieved a lot," said Representative William H. Gray 3d, Democrat of Pennsylvania, who was in Chicago over the weekend campaigning for Mr. Jackson.  
 "He doesn't want to throw it away," Mr. Gray said. "He doesn't want to be blamed for a Democratic defeat."  
 But Mr. Gray added, "He also wants to make sure there are significant changes in the fall."  
 Mr. Stagle summarized the evolving view of Mr. Jackson in the party establishment: "I think everybody a year ago thought Jackson would be destructive. Now Jackson has said enough times over that he's committed to the Democratic Party and its ultimate nominee that people have quit worrying about it."

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# Dole Says He'll Fight On in Wisconsin

**CHICAGO**—Senator Bob Dole vowed Sunday to stay in the Republican presidential race even if he loses the Illinois primary to Vice President George Bush on Tuesday.  
 "We're going (full bore)," Mr. Dole said. "Our new theme when we leave here is 'On Wisconsin.'" That state holds its primary April 5.  
 On Saturday he made a last-ditch televised appeal to Illinois voters that was marred by a technical problem. At one point in that half-hour broadcast, the broadcast image was interrupted for four minutes. Mr. Dole could be heard talking, but the television screen showed only a still picture in which the top third of his head was obliterated by a wide black bar.  
 Last week, it was reported that some of Mr. Dole's top advisers had urged him to concede the campaign to Mr. Bush. Mr. Dole denied the reports.  
 Should Mr. Dole lose Illinois, however, his prospects will appear bleak. According to UPI's count, Mr. Bush now has 700 of the 1,139 delegates needed for the Republican nomination, compared with 164 for Mr. Dole. There are 92 at stake Tuesday in Illinois.  
 Mr. Dole, of Kansas, said Sunday on a CBS television news program that he was receiving encouragement from prominent Republicans, including former President Richard Nixon, who sent him a telegram. Mr. Dole said these Republicans were telling him: "Hang in there. Don't give up. Make Illinois your finest hour."

"I believe I have some obligation not to look ridiculous, but some obligation to stay in this race," he said.  
 Mr. Dole said his campaign had workers in place in Connecticut, which holds its primary March 29, and Wisconsin, which votes one week later.  
 California Republicans, who vote June 7 in one of the last big primaries of the 1988 season, have a right to a choice, Mr. Dole said.  
 "Sooner or later," he said, "the voters in one of these states are going to say: 'Hold it. We're about to nominate the candidate who can't win in November. We better turn around and vote for Bob Dole.'"  
 In the Democratic race, a new ABC News-Washington Post poll of primary voters in Illinois showed Senator Paul Simon with 39 percent in his home state, the Reverend Jesse L. Jackson, with 32 percent; Governor Michael S. Dukakis, 15 percent; Representative Richard A. Gephardt of Missouri, 5 percent, and Senator Albert Gore Jr. of Tennessee, 3 percent.  
 The results indicated the race was tightening, with Mr. Simon losing some support and Mr. Dukakis coming on strong.

more experienced and far tougher than Mr. Bush. The speech, however, was unexpectedly tame in its criticism of Mr. Bush.  
 "I'm the best candidate," Mr. Dole said. "I can win in November. I believe I'm qualified. I'm an issues person. I understand America. I understand real people in America."  
 "Whether it's education or agriculture, I've been tested and I've failed but I've gotten up and tried again. People know, people understand. Bob Dole understands their problems. I have provided leadership. I can do it."  
 Mr. Dole's campaign manager, Bill Brock, said that the flawed broadcast would be repeated and shown Sunday and Monday in such areas as Springfield, Moline, Davenport and Rockford. Mr. Brock attributed the technical difficulties to a 45-second power failure.  
 Mr. Dole made his comments in an address to 40 supporters at Knox College, the site of the fifth and final debate between Abraham Lincoln and Stephen Douglas on Oct. 7, 1858. Mr. Dole's address was broadcast live. He has sought without success to engage Mr. Bush in a debate.  
 The speech was a last-ditch effort to save his presidential campaign and stop Mr. Bush's momentum before the Illinois primary.  
 "I don't give up easily," he said, adding, "I didn't expect the job to be handed to me."  
 The program was aired at the same time as one of the most popular shows on American television, the game show "Wheel of Fortune."

## CAMPAIGN BRIEFS

**Jackson Takes 35% in Alaska Polling**  
**ANCHORAGE, Alaska (NYT)**—The Reverend Jesse L. Jackson won almost 35 percent of the delegates selected at Alaskan Democratic Party precinct caucuses, while Governor Michael S. Dukakis of Massachusetts took 31 percent, party officials announced. Another 31 percent of the 2,498 state delegates chosen were listed as uncommitted.  
 The results should translate into at least four national convention delegates for Mr. Jackson and at least three for Mr. Dukakis, with five uncommitted.  
 Whites carried the vote for Mr. Jackson at almost 440 caucuses around the state Thursday night. Bob Speed, the state party director, said Friday. Blacks make up only 3 percent of the state's 530,000 people.  
 Among other Democratic presidential candidates, Senator Albert Gore Jr. of Tennessee drew almost 2 percent of the delegates.

**Robertson Admits It'd Take a Miracle**  
**CHICAGO (NYT)**—Pat Robertson has conceded that only a miracle could make him the Republican presidential nominee. Yet he is staying in the race, hoping to establish himself and his followers as a permanent force in Republican politics.  
 "We're not just running a presidential campaign," he said in Illinois, campaigning for support in the state primary election on Tuesday. "We're running for the future of America."

## VOTE: For '88 Front-Runners, Caution Has Rewards

(Continued from Page 1)  
 Mr. Bush, a rules-player, insisted, as the sponsor of the debate had stipulated, that only he and Mr. Reagan should participate. But Mr. Reagan, a former film star, knew how to seize control of a moment. Upstage Mr. Bush and make him appear the villain. The moment was repeated again and again throughout the campaign.  
 The lesson was clear: In the modern age of bite-sized video politics, the way you show strength is by staging and winning confrontations, on live television if possible. As the CBS anchorman, Dan Rather, discovered two months ago, Mr. Bush is a diligent student.  
 Mr. Bush and Mr. Dukakis share another trait that makes for success, a penchant for long-term planning and execution.  
 Mr. Bush put the top echelon of his campaign organization in place two years ago, and has kept it together ever since.  
 Mr. Dukakis's success on "Super Tuesday," when he won eight of the 20 states and had the best geographic spread, with victories in the West, New England, the mid-Atlantic states and the South, was a tribute to an organization that

knows the strengths and weakness of its candidate and does not over-reach.  
 The Dukakis campaign invested dozens of staffers and hundreds of thousands of dollars building organizations in Texas and Florida, the two Southern states that, by virtue of their specialized voting blocs, Mr. Dukakis had the best chance to carry.  
 And carry them he did, enabling him now to promote himself as the only Democratic candidate who has proven he can win in all regions of the country. The sleight of hand in all this was that in the rest of the South, Mr. Dukakis checked up nine third-place finishes in a four-man field. But how many will remember?

**CIA Stays Silent On Taipei Rumor**  
**WASHINGTON**—The Central Intelligence Agency has declined comment on newspaper reports in Taiwan that it smuggled out a nuclear scientist who is missing from his job.  
 Bill Devine, a CIA spokesman, said, "We can neither confirm or deny the reports." The Taiwan government has denied CIA involvement in the disappearance of the scientist.  
 In Taipei, the government said it had issued a warrant for the arrest of the scientist, Chang Hsien-yi. Defense Minister Cheng Wei-yuan denied reports that the scientist had left the country.

## Pakistan to Decide on Afghan Accord

**QUETTA, Pakistan (Reuters)**—Prime Minister Mohammed Khan Jinnah said Sunday that Pakistan would decide on Monday whether to sign a UN-mediated Afghan peace agreement in Geneva. Mr. Jinnah said that he had completed a process of consultations and would take a final decision tomorrow, when the peace talks resume after a two-day break.  
 The Soviet Union has offered to withdraw an estimated 115,000 troops in Afghanistan within nine months beginning on May 15 if Pakistan signs the accord by then.  
 Islamabad has insisted on a neutral transitional government in Afghanistan to oversee the Soviet withdrawal and to encourage about five million Afghan refugees to return home. Moscow and Kabul have rejected that demand.  
 Also on Sunday, the main guerrilla alliance fighting the Soviet-backed Kabul government met to select a new leader, amid reports that the rebels might send a delegation to Geneva. Sources said that the plan to send a team to Switzerland was one of the reasons for the resignation on Saturday of the alliance's leader, Mowlavi Yunus Khalis. Mr. Khalis, an Islamic fundamentalist, was said to have feared that such a delegation could be led into contacts with Afghan negotiators.

## Ecuador Rights Abuses Said to Rise

**BOGOTA (NYT)**—Torture, extrajudicial killings and other human rights abuses have increased alarmingly in Ecuador over the last three years, according to a report by Americas Watch, the New York-based human rights organization.  
 The report also asserted that the Reagan administration had overlooked this situation because of its sympathy for the conservative government of President Leon Febres Cordero. It said some abuses were committed by the police in counternursery moves, but that others resulted from steps to suppress unions and freedom of expression. The report, prepared with the Andean Commission of Jurists, was issued Saturday.  
 It said that unlawful detentions take place frequently, that police "physically abuse and torture" detainees to extract confessions and information; that evidence exists of six cases of forced disappearances in recent years; that "a disturbing number" of prisoners have been killed, supposedly while trying to escape; and that several guerrillas have been summarily executed following arrest.

## U.K. Prince Denies Marriage Report

**LIVERPOOL, England (AP)**—Prince Edward, youngest son of Queen Elizabeth II, denied a British newspaper report Sunday that he planned to marry the 22-year-old daughter of a Belgian baroness.  
 The People, a weekly London tabloid, had reported earlier Sunday that the 24-year-old prince had proposed to Georgia May, whose mother, Catherine, was born a baroness in the Belgian family Van den Branden de Reeth.  
 But when reporters shouted "Congratulations" and "How is Georgia?" as he arrived at the British Academy of Film and Television Arts Craft Awards ceremony in this northwestern port city, he snapped: "I don't know what you're talking about. It's all complete fabrication."

## Gadhafi Calls for Attacks on Israelis

**CAIRO (Reuters)**—The Libyan leader, Colonel Moammar Gadhafi, was quoted on Sunday as saying Egyptians should tear down the Israeli Embassy in Cairo with their bare hands and kill every Israeli and American in their country. Egypt is the only Arab country to have diplomatic relations with Israel.  
 "How could the Israeli embassy continue to exist even for one day in Egypt?" he said in an interview with an Egyptian newspaper. "Every day a million Egyptians must march and tear it down with their bare hands stone by stone."  
 He called on Egyptians to revolt against Israel to restore their self-respect.

## For the Record

A blue-white, 599-carat stone that is expected to be the second-largest cut diamond in existence was unearthed in mid-1986 at the De Beers conglomerate's Premier Mine near Pretoria, De Beers has revealed in Kimberley, South Africa, at a banquet marking its 100th anniversary. The diamond, once cut, is to be exhibited, then auctioned. (Reuters)

## TRAVEL UPDATE

### Japan Opens Hokkaido Rail Tunnel

**TOKYO (AP)**—The world's longest undersea tunnel opened to rail service Sunday, linking Japan's largest island, Honshu, with the island of Hokkaido to the north.  
 The tunnel extends 33 miles (53 kilometers) from Aomori at the tip of Honshu to Hakodate in southern Hokkaido, the nation's northernmost main island. The undersea portion runs 14 miles.  
 Next month, with the official opening of the Seto Ohashi Bridge, a series of 11 spans totaling seven and a half miles linking Honshu with the island of Shikoku, transportation officials will complete a decades-old plan of connecting Japan's four main islands by rail.

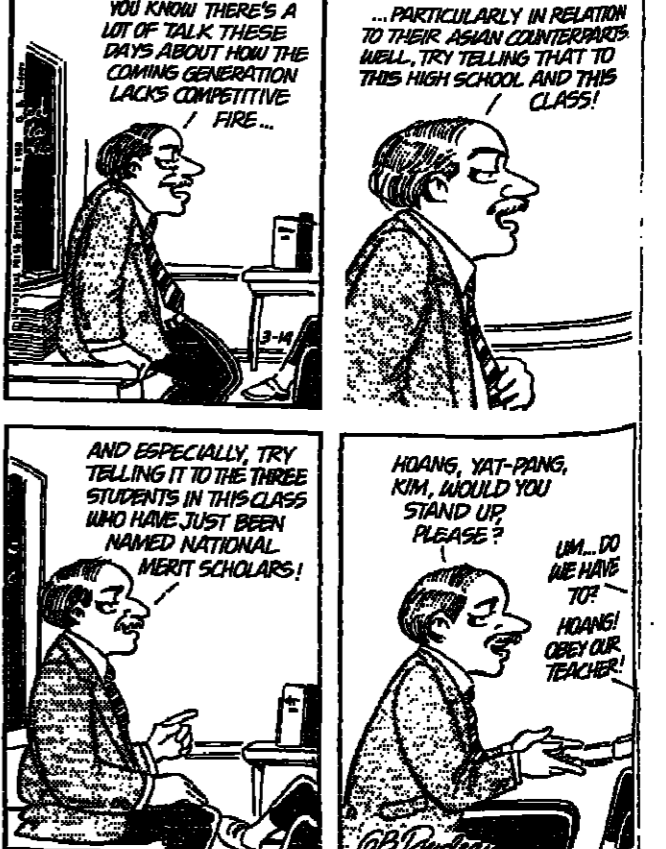
### Rome Airport Workers Reject Pact

**ROME (AP)**—Scores of flights were canceled or delayed Sunday at Leonardo da Vinci Airport after ground workers went on strike over a tentative accord reached earlier in the day to end a dispute that began six months ago. Also Sunday, rail workers in Sicily and Reggio di Calabria called a three-hour strike.  
 The airport strike, involving about 90 percent of such workers as check-in counter personnel and baggage handlers, was in defiance of Italy's major labor federations.  
 A few hours earlier, Transport Minister Calogero Mannino and labor leaders for ground crew announced a tentative accord that would be retroactive to January. It called for a monthly pay raise of about 220,000 lire (\$180) over three years and a gradual shortening of the workweek from 40 and a half hours to 37 and a half.

### This Week's Holidays

Banking and government offices will be closed or services curtailed in the following countries and their dependencies this week because of national and religious holidays:  
**MONDAY:** Gibraltar, New Zealand, Swaziland.  
**TUESDAY:** Jordan, Kuwait, Liberia.  
**WEDNESDAY:** Indonesia.  
**THURSDAY:** Ireland.  
**FRIDAY:** Nepal.  
**SATURDAY:** Andorra, Brazil, Costa Rica, Indonesia, Liechtenstein, Maldives, San Marino, Spain, Vatican City, Venezuela, Zambia.  
**SUNDAY:** Afghanistan, Tunisia.  
*Source: Morgan Guaranty Trust Co., Reuters.*

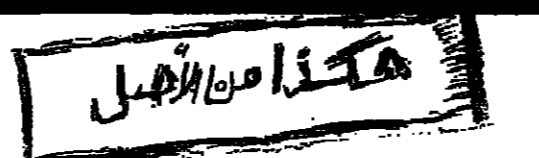
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# In France, It's Law and Order vs. Law and Order

By Barry James  
International Herald Tribune

PARIS—In most countries, they play cops and robbers. In France, they have a variant called cops and gendarmes, which is almost as exciting.

The two principal forces of law and order in France have different roles. They also have big differences, and their long-simmering rivalry is no longer disguised.

The feud broke into the open in November when gendarmes arrested a chief police inspector in Paris on a charge of receiving money from prostitutes. More than 200 police officers took to the street in a protest demonstration.

The police have been smarting for revenge ever since, and recently they dug up an old narcotics case they reportedly hope will prove embarrassing for a senior gendarme officer on the staff of President Francois Mitterrand.

The 110,000 policemen are civilians under the control of the Interior Ministry and the 90,000 gendarmes are under military orders.

The police have the task of protecting cities and towns. Except for the Compagnies Républicaines de Sécurité, or CRS, a feared anti-riot force, uniformed officers wear blouses and flat caps designed by the couturier Pierre Balmain.

The gendarmes, more conservative, have kept their traditional kepis and blue tunics and serve primarily in rural areas.

The distinctions have become blurred of late, however, as gendarmes have moved increasingly onto turf that the police regard as their own, such as conducting plainclothes investigations in cities.

As the rural population dwindles, the gendarmes appear to be reorganizing themselves as a national force. They are setting up their own central archives and building a forensic center to rival facilities operated by the police.

The hostility between the two forces turned bitter in 1982 when Mr. Mitterrand, a Socialist, ordered the reorganization of his personal security service, which was the responsibility of the police.

According to published accounts, Mr. Mitterrand's anti-terrorism adviser, a gendarme captain named Christian

Prouteau, set out to prove that the president was not safe in his hands.

First, he infiltrated past the police security lines a stranger who handed the president a red rose. Then, the reports said, he had an empty shoe box placed near the president during a public ceremony. Pictures of both incidents were leaked to newspapers.

The police responded by placing an empty box under Mr. Mitterrand's chair during a ceremony at a military school in Paris when the gendarmes were in charge of security. According to the reports, they also managed to steal the side arm and the briefcase of a senior gendarme officer under the nose of Mr. Mitterrand.

The Presidential Security Group, formed early in 1983, was to be an elite force comprising gendarmes and policemen. But a gendarme was appointed commander and the police refused to serve under a military officer in peacetime. As a result, the 24-man unit includes only gendarmes, who call themselves, in gallant fashion, "the president's musketeers."

The police still are responsible for the protection of other cabinet members.

In May, Defense Minister André Giraud formally authorized gendarmes to operate in plainclothes, a source of particular annoyance to the police. There have been a couple of reported instances in which policemen and gendarmes have turned up at the same crime and mistaken one another for the crooks.

Prime Minister Jacques Chirac appointed a commission last year to study ways to make the two forces more "complementary." The report, details of which were released Saturday, recommends a geographical realignment, with the police getting control of cities and suburbs, and the gendarmes being given responsibility for medium-sized and small towns.

While upholding the right of gendarmes to conduct plainclothes investigations in the cities, it says they should improve coordination with the police. It also called on the two forces to consult before buying equipment or building new resources.

The national police inspectorate earlier produced a scathing

report about the gendarmes for the police boss, Interior Minister Charles Pasqua. It accused the gendarmes of trying to muscle in on judicial inquiries that did not concern them while shirking responsibilities for maintaining public order and allowing the crime rate in their sectors to rise disproportionately.

The report said the expansionist ambitions of the gendarmes, lavishly funded from the defense budget, were creating wasteful parallel structures and "patently contrived" projects, such as the forensic center.

Any possibility of a truce was eliminated Nov. 28, when 15 gendarmes turned up at the home of Yves Jobic, a 29-year-old chief inspector of police, and arrested him on the basis of testimony by several prostitutes and a pimp who alleged they had to pay for protection.

It also emerged that the gendarmes had tapped Mr. Jobic's telephone conversations with an informer. Now awaiting trial, Mr. Jobic said in an interview published earlier this month that the charges were preposterous and that the gendarmes were using him to discredit the police.

The police have counterattacked by arresting two former gendarmes in connection with the escape of a narcotics witness in Corsica and the disappearance of heroin that was seized from him.

Both men also are involved in a bizarre case of telephone-tapping, which the police believe leads to Captain Prouteau, the senior gendarme on the president's staff, according to published reports.

In trying to prove that link, three police inspectors recently went to the gendarmerie headquarters near Paris, armed with a warrant to search the apartment of one of Mr. Mitterrand's security guards.

The newspaper Le Monde reported that after carrying out the search they were threatened by dozens of armed gendarmes, photographed and filmed, then hustled to their car and tailed back to Paris by a gendarme car.

There is a strong political undercurrent accompanying the incidents. For reasons not entirely clear, apart from the fact that Mr. Pasqua is one of its heroes, the rightist press has strongly supported the police throughout the affair.



A municipal police station at Orange, in southern France.

# South Africa Is Warned By Defiant Churchmen

By John D. Battersby  
New York Times Service

CAPE TOWN—South African church leaders angrily denounced Sunday government threats to fence them and reiterate their support for civil disobedience at a defiant and well-attended protest church services.

"The South African government has signed its own death warrant," said the Reverend Allan Ross. "No government can take on the living God and survive."

"We are entering a new phase, persecution of the church but that can be no turning back," he told a crowd of more than 2,000 in St. George's Anglican Cathedral.

"Those of you who have chosen to follow Jesus Christ must stand firm in the streets," he said, as in the face of "the water cannon and tear gas" and armored police vehicles.

Archbishop Desmond Tutu said it was immoral to obey immoral and unjust laws and warned the government that it had chosen the losing side in the struggle for liberation.

Mr. Boesak and Archbishop Tutu were among 150 churchmen arrested outside the cathedral the week before on their way to present a petition to President Pieter W. Botha at his parliamentary office which is near the cathedral.

Protest services similar to the one in Cape Town were held in Durban, Soweto, Port Elizabeth and Pietermaritzburg.

The services marked the commemoration of National Day, South Africa's anniversary of its independence from the United Kingdom, and a day of anti-apartheid protest following the silencing of the United Democratic Front and 17 organizations last month under a nationwide state of emergency imposed 21 months ago.

A government decree published Saturday also banned the church-led Committee for the Defense of Democracy and what was to have been its first public meeting on Sunday at the University of the Western Cape. The protest service in St. George's Cathedral took the place of the meeting.

Security forces surrounded the university campus, about eight miles (13 kilometers) from Cape Town, early Sunday and set up roadblocks at entrances to the city. Despite the roadblocks, thousands of black and mixed-race anti-apartheid supporters made it to the cathedral.

Archbishop Tutu reaffirmed his support for the political objectives, but not the methods, of the outlawed African National Congress. He said that if it was revolutionary to work for a nonracial and democratic South Africa, then he was revolutionary.

# SHAMIR: Conciliatory Tone

(Continued from Page 1)

said, "I will express my opinion and I will go back home."

"And I am sure," he added, "that there will not be any change in our relationship."

The president said it several times, he said, "that the close relationship and the strategic cooperation between Israel and the United States will continue in spite of differences we have."

The contrast between Mr. Shamir's warm remarks in the interview and his harsh statements for domestic consumption reflected pressures on Mr. Shamir to keep together the fractious, anxious "national camp" that supports him and that is deeply suspicious of Washington's motives and ideas. At the same time, he wishes to appear peace-loving and flexible to an administration and a Congress that constitute Israel's main international ally.

As Menachem Shalev, a political analyst for The Jerusalem Post, pointed out, the uprising in the occupied territories has undermined the belief that the status quo of Israeli rule and sullen Arab acquiescence was immutable. At least 86 Palestinians have been killed by Israelis in the rioting.

The international peace conference that Mr. Shamir vetoed last May "rose from the dead," in Mr. Shalev's words, in Mr. Shultz's new proposals.

The Israeli public seems to sense the need to cooperate with Washington. A poll in the Hebrew daily Chadashot published Friday showed 46 percent in favor of the U.S. plan, 37 percent opposed.

To make matters worse, Mr. Shamir's own political base is in disarray, many analysts say. Many members of his Likud bloc contended that he has gone too far in encouraging Mr. Shultz's initiative and welcoming the secretary of state's recent visit to the region. Others, apparently a minority, say he cannot appear intransigent.



VISIT TO EGYPT—President Hosni Mubarak of Egypt, left, greeting the leader of the United Arab Emirates, Sheikh Zayed bin Sultan al-Nahayan of Abu Dhabi, Sunday in Cairo. It is the first visit by a Gulf leader since the Arab League eased its stand against Egypt last year.

# VISIT: Parallels May Haunt Gorbachev in Yugoslavia

(Continued from Page 1)

ences in development between poor southern republics and affluent western ones, like Moscow, set out to redress the disparity by pursuing huge industrialization projects in the poorer areas. The policy was mostly a failure.

Twenty years before Mr. Gorbachev took power, the Yugoslav leader, Tito, embarked on a policy of economic and political change. He dismissed his security chief and encouraged Albanians in Kosovo to assert themselves in the local power structure. He also set up a market-oriented economic system.

While the policies led to a sustained economic boom in Yugoslavia, it also unleashed nationalist forces that led, within a decade, to both the collapse of economic restructuring and the beginning of the current fragmentation.

Tito's program, it turned out, contained significant flaws that, arguably, are built into Mr. Gorbachev's similar policies of glasnost, or openness, and perestroika.

First, Yugoslavia's version of glasnost allowed the freer expression of nationalist aspirations without providing a political system flexible enough to accommodate the new pressures.

When Albanians in Kosovo expressed their resentments by rioting in 1968, Tito responded by giving the province much greater autonomy. But the Albanian authorities who took over proved as chauvinistic as the Serbians they replaced. Albanians now persecute Serbians, and the tensions grew.

In Croatia, the freer climate led to the emergence of a local Communist leadership that strongly supported economic change but held Croatian nationalist leanings.

Tito, feeling the party's central authority threatened, purged the leadership in 1972, thus ending the nationalist movement associated with it but also undermining support for the reform. Furies of reformers accused of nationalism followed in other republics, and

plagued, like Soviet Central Asia, with lack of capital, entrepreneurial expertise or trained work forces.

The result was the eventual breakdown of Yugoslavia's Communist Party into a host of mini-parties divided by nationality and political outlook.

Tito halted the economic program in 1974, then pushed through a radical decentralization of government that made the divisions even worse. Since his death in 1980, Yugoslavia has tottered toward political anarchy, its federal government and central party apparatus gutted of any real power.

# DEPLOY: Soviet Subs in Europe

(Continued from Page 1)

already in the fleet have never gone on patrol, he said. The submarine's missile, the SS-N-23, which carries 10 warheads and has a range of nearly 5,000 miles, "apparently has suffered reliability problems," he said.

■ **Carlucci to Meet Yazov**

The top U.S. and Soviet defense officials, Frank C. Carlucci and General Dimitri Yazov, are expected to discuss efforts to shift military thinking from an offensive to a defensive posture when they meet in Bern on Wednesday. Reuters reported from Moscow.

# PANAMA: Asylum for Noriega

(Continued from Page 1)

are under way to negotiate General Noriega's departure from power and that, as one Latin American envoy put it, his eventual removal is "almost inevitable."

General Noriega, however, has said repeatedly that the only way to force him out of power would be to kill him.

The administration is understood to have said it will weigh the Spanish offer seriously. But Mr. Abrams reportedly told Mr. Yanetz that Washington still would require a much clearer idea than is

# Walkout by Palestinian Policemen Portends a Wider Work Stoppage

By Alan Cowell  
New York Times Service

BETHLEHEM, Israeli-occupied West Bank—The Palestinian investigative officer, who identified himself as Rames, rose Sunday morning, packed his Israeli police uniform in a plastic bag and went to the precinct by the Church of the Nativity and quit.

That fulfilled what he saw in part as an enforced political duty. It left only the question of how he, and his wife and their five children would eat, once his last pay check, the equivalent of \$500, was spent.

"God will protect us," he said. His relatives had offered a little help, too, he acknowledged with a kind of shy smile that sits uneasily on a sharp-eyed, mustachioed visage stamped: cop.

The resignation of the 33-year-old officer, on a blustery Sunday that switched rain for sun around Bethlehem's white stone churches, was part of a mass walkout over the weekend by about half the 1,000 Palestinians employed in the Israeli police in the occupied territories.

The action had been demanded by the shadowy leadership of the three-month uprising in the occupied West Bank and Gaza Strip that has claimed at least 86 Palestinian lives, and wounded 186 Israeli soldiers in uneven battles between stone-throwing protesters and Israeli troops.

It was, some diplomats contended, the most significant blow the insurrection has struck at the ties that bind Israeli and Palestinian and permit the Jewish state to exercise control over the people under its occupation for the past 20 years.

"I believe there is a new policy of Israeli economic squeeze," said the mayor of Bethlehem, Elias Freij, when commenting on Israel Radio reports Sunday that the occupation forces had ordered a halt on gasoline and other fuel supplies to the occupied territories for one week.

And then, echoing what seems to be a refrain among Palestinians when asked whether the perceived policy will work, Mr. Freij said: "I know of people who are having hard times. But that is not going to weaken the uprising."

The policeman who identified himself as Rames had quit after some consideration and a sense of coercion. "I heard the call from the Palestine Liberation Organization that I should resign, so I resigned," he said.

But, a reporter asked, had his decision been affected by the killing of a Palestinian policeman in Jericho last week? He replied that, after hearing the news, "I reached my decision very quickly."

Other officers were less ready to

# Impact of McFarlane Plea Is Uncertain

By Walter Pincus  
Washington Post Service

WASHINGTON—Throughout the Iran-contra affair, Robert C. McFarlane was part of President Ronald Reagan's inner circle, one of a very few with firsthand knowledge of key decisions and events.

He was Mr. Reagan's national security adviser when secret aid to the Nicaraguan rebels, the contra, began in 1984. He was the prime mover in the clandestine arms-for-hostages dealings with Iran. He was one of the few Americans who knew that funds from the arms sales were used to pay for support of the contra. And when the affair became public in November 1986, Mr. McFarlane, by his admission, assisted others in covering up the truth.

Against that background, Mr. McFarlane's guilty plea Friday on relatively mild criminal charges might be considered a signal that the independent counsel, Lawrence E. Walsh, had obtained the cooperation of a key witness with important information to bolster his expected main indictment, or perhaps open new lines of inquiry.

Mr. Walsh said Friday that Mr. McFarlane's plea is not considered a "breakthrough," but "only a great facilitator."

If Mr. McFarlane's plea only helps facilitate Mr. Walsh's case, the question arises as to whether the independent counsel's meticulous 15-month investigation has turned up significant new evidence beyond what was uncovered earlier by the congressional Iran-contra panels and the Tower commission, which was appointed by Mr. Reagan to review the National Security Council's role in the affair.

Mr. McFarlane was able to strike

# CHINA: U.S. Worries Over Possible Sale to Jets to Iran

(Continued from Page 1)

used to attack Kuwait from Iranian-held positions at the opposite end of the gulf.

But they said the pledge may not alter Chinese plans to send other sophisticated weapons to Iran. The United States opposes all arms sales to Iran and has been pressing for a UN-sponsored embargo. China has said it might support the ban in the Security Council.

"I suspect the Chinese must be going through quite an internal debate on this issue," one U.S. government official said.

Iran's air force, which uses U.S. fighter planes and missiles, is said to be barely operational because of a lack of missiles and spare parts. The sale of Chinese aircraft to Iran would revive the Iranian air force, according to government officials. The officials declined to spell out

# United Opposition

David B. Ottaway of The Washington Post reported from Washington.

Mr. Shamir faces an unusually strong consensus of administration, congressional and American Jewish community opinion united behind the new U.S. peace plan.

The scene is thus set for a tough battle of wills between Mr. Shamir and Mr. Shultz, the author of the peace plan.

To emphasize the divisions within Israel's coalition government, Shimon Peres, the foreign minister who is a warm supporter of the Shultz plan, intends to send aides and supporters to Washington to express their endorsement of the U.S. effort even as Mr. Shamir and his aides are arguing against it.

Peace Now, the Israeli peace movement, sent four spokesmen to hold a "teach-in" at American University on Sunday and a news conference on Monday. The peace activists include Yael Dayan, daughter of the late Moshe Dayan, and Hannah Simora, editor of the Jerusalem daily Al-Fajr, and two senior Israeli army reserve officers, Colonel Mordechai Bar-On and Brigadier General Giora Furman.

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You will find below a listing of job positions published last Thursday under the rubric International Positions.

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MARKETING MANAGER	Attractive	R.J. Reynolds Tobacco
INFORMATION OFFICER	Good	Int. Irrigation Management Institute.
HEAD OF GROUP INTERNAL AUDIT	\$100,000 Tax Free + Benefits	SABA & NAGLE Int.

If you haven't seen last week's INTERNATIONAL POSITIONS rubric, please ask for a free copy: Max Ferraro, INTERNATIONAL HERALD TRIBUNE, 92521 Nervy Cedex, France. Tel: (1) 46.37.93.81. Telex: 613595

# 70 Killed in Nepal Soccer Stadium

United Press International

KATMANDU, Nepal—The government, denying any official negligence in one of Nepal's worst disasters on record, began an investigation Sunday into the deaths of 70 people in a stampede by soccer fans caught in a hailstorm.

Ninety people were injured in the incident, including 15 who were hospitalized in critical condition.

The deaths occurred Saturday when a severe hailstorm prompted a crowd of spectators at a soccer match between Bangladesh and Nepal to rush toward the southern exit of Dashratham Stadium.

The Department of Meteorology said that the hailstorm was accompanied by winds at up to 80 mph (129 kph).

At a news conference on Sunday, Home Minister Narayan Thapa said that the government had appointed a judge to investigate the incident.

Mr. Thapa denied reports by witnesses that the police and officials of the government sports authority had compounded the disaster by blocking the stadium's southern exit. He accused certain people, whom he did not name, of "twisting the facts."

Witnesses also said that only one ambulance was at the stadium to carry casualties to hospitals and that people threw stones at private cars that refused to pick up victims.

Mr. Thapa denied any government negligence. He also said reports that the incident was made worse by a shortage of medicine and doctors at city hospitals were untrue.

"The government did its duty immediately," he said.

Officials were still trying to identify many of the dead on Sunday, and police were deployed around hospitals to control the crowds that gathered to await news of their relatives and friends.

Handwritten signature and stamp at the bottom of the page.

# WEU Stagnation Tied to London-Paris Quarrels on Defense

By Joseph Fitchett  
International Herald Tribune

PARIS — The Western European Union, the seven-nation organization revived four years ago to galvanize European military cooperation, has sunk into institutional stagnation, according to a former organization official. Most senior officials have been dismissed and its embryonic bureaucracy shut down. In an open letter to the organization, Eric Hintermann, who was its second-ranking permanent official until he was dropped in January, said that its problems reflected what he called "Europe's inexistence at the defense level." Mr. Hintermann, named to the post by President Francois Mitterrand of France, said in an interview that the organization was the victim of a clash between France and Britain about European defense. Alfred Cahen, secretary-general, could not be reached for comment. But Mr. Cahen, a career diplomat

from Belgium who has been widely praised for his efforts since taking over the job three years ago, reportedly is seeking a new posting. Diplomats, asked about Mr. Hintermann's assertions, acknowledged that the bureaucracy has been deliberately paralyzed by member governments and agreed with him that its difficulties can only be overcome by political decisions in European capitals. The organization, after many years of tranquility, gained brief international prominence last year with two accomplishments: Under its auspices, European governments agreed to dispatch warships to the Gulf in the summer, then agreed in October to a "platform on European security interests," which was a statement endorsing nuclear deterrence. "Both times, the WEU side-stepped its own bureaucracy and turned itself into an umbrella under which officials from national defense ministries and foreign min-

istries could meet and agree," a diplomat said, adding, "That formula is the way ahead." Agreeing on the need for strong leadership from European governments, Mr. Hintermann, in an open letter calling for organizational reforms, deplored European governments' refusal to let the bureaucracy start working on defense issues with European implications. Because of the dispute between Britain and France, he said, the organization had finally "guttered" its own small permanent staff. Mr. Hintermann, together with most other senior officials, were dismissed late last year, when Britain and France proved unable to agree on the organization's future. France has championed the expansion of the organization as a "European pillar" to balance the U.S. strength in the Atlantic alliance. Britain, however, wants any tighter military cooperation among European allies to take place with-

in the North Atlantic Treaty Organization. France, which withdrew its forces from NATO command on July 1, 1966, is politically more comfortable with the European organization and argues that its purely European identity would attract more Europeans to the notion of doing more for their own security. While some British cabinet ministers reportedly share this French view, Prime Minister Margaret Thatcher has resisted any step that might create what one official called "a European caucus liable to destroy the broad consultations inside NATO and make the Americans think that they are facing a European bloc." France sponsored the revival in a bid to strengthen Europe's voice in security issues after President Ronald Reagan had discontinued many allies with policy initiatives such as his Strategic Defense Initiative in 1983. Recently, however, Mrs. Thatcher has assumed an increas-

ingly active role in trying to shape European views on NATO affairs. Britain, Mr. Hintermann said, also curtailed the direct high-level political cooperation that was started by Mr. Cahen. Quarrels among member governments resulted in a decision last fall to effectively shut down its Paris-based departments — for security, arms control and arms cooperation. These were seen by many as embryonic European agencies in key military areas when the organization, which had been dormant since its creation in 1954, was rejuvenated in 1984. As a result, Mr. Hintermann said, "instead of tackling the major problems of Europe's security, at a time when the politico-strategic environment is changing, the Permanent Council is joyously devoting itself to permanent bureaucratic restructuring and endless clashes over the place of collocation." The "collocation" issue entails choosing a single city for all of its

offices. Currently the secretariat, which works closely with members of parliament from the seven member nations, is in Paris. But the Permanent Council, comprising ambassadors who report to their governments, is in London. Britain wants all the offices moved to Brussels, where NATO is headquartered, but France wants it to be headquartered in Paris. Deadlocked, member governments decided in December to shut down, in effect, its small bureaucracy. As a result, Mr. Hintermann said, "during the Washington summit between Reagan and Gorbachev," the WEU did not spend one second discussing Europe's security. Instead, it spent its time discussing how to reduce the staff in its offices, from officials to drivers. Since 1985, he said, the secretariat had been forbidden by member governments from convening a meeting of its committee on multilateral cooperation on developing new weapons. In his open letter to European legislators, Mr. Hintermann urged reforms which are consistent with French government views — for example, designating top-rank officials in all capitals to run it, using its departments to start formulating European security issues and expanding the organization, starting with Spain and Portugal.

# Viennese Jews Gather to Mourn Victims of Nazism

By Serge Schmemmann  
New York Times Service

VIENNA — About a quarter of Vienna's 6,000 Jews crowded into their oldest synagogue on Sunday to commemorate the destruction a half-century ago of their once-thriving community. "We've gathered for this memorial without any official guests," the chief rabbi, Chaim Eisenberg, said in a brief address. "No one can share our pain. No one can feel our suffering." The memorial service in the community center in the old Jewish quarter was a high point of the days of remembrance marking Austria's absorption 50 years ago by Hitler's Third Reich. The anniversary has prompted considerable soul-searching over the degree to which Austrians welcomed the Anschluss and assisted in Nazi crimes. "It is good that the lessons of the Anschluss are at last being learned," Rabbi Eisenberg said after the service. "But I would have preferred if they had been spread over the past 50 years."

The persecution of Austria's 190,000 Jews began almost from the moment Hitler made his triumphal entry into Austria. Joined by hating crowds of Austrians, the Nazis forced Jews to scrub sidewalks, gutters and toilets. Tens of thousands were jailed, their property confiscated; tens of thousands were forced to buy their way out of the country, and 65,000 were killed. Much of that suffering and terror took place in the Gestapo headquarters around the corner from the synagogue. After the service, most of the congregation proceeded to a tent pitched on that site for a commemorative ceremony presided over by Paul Gross, the president of the Jewish community, and Chancellor Franz Vranitzky. Mr. Vranitzky was greeted with enthusiastic applause, an evident tribute to his strong stance against anti-Semitism and to his forceful speeches over the past three days on the moral need for Austrians to absorb the lessons of their past. "Even if we can no longer hear them, let the screams of despera-

tion that sounded from the cellars of this site be a constant reminder to us," Mr. Vranitzky said. "We all try to make the things that happened then anonymous, as if afraid to make them too personal or direct. But behind the walls in this place, and in Berlin, and in Auschwitz, the people who worked were very much individuals." Although many more events commemorating the Anschluss are scheduled in this anniversary year, the Jewish memorial services

marked the conclusion of the "days of remembrance" that began Friday, the anniversary of the day Austria's last independent prewar chancellor resigned under pressure from Hitler. One of the more curious and most widely discussed events of the weekend was the appearance of Otto von Hapsburg, 75, the son of the last Austrian emperor, at the head of special commemorative services in St. Stephen's Cathedral and then at a reception room at the Hofburg Palace, from which his family once reigned over the Austro-Hungarian Empire. Officially, Mr. von Hapsburg was presiding over memorial services by the Pan-European Union, an organization that seeks greater European integration, for the Austrian nationalists who fell to the Nazis. Mr. von Hapsburg himself had fiercely opposed union with Nazi Germany and had offered to step in as head of state to rally the nation shortly before the Anschluss, which Hitler had nicknamed "Operation Otto."

The appearance by the descendant of the emperors and his family, however, attracted a broad variety of Austrian nationalist groupings to St. Stephen's. They ranged from marching bands and honorary regional militia to ancient Catholic student organizations. Two rows of flag-bearers lined the main aisle of the Gothic cathedral and several hundred people who had gathered for the Mass broke into applause when Mr. von Hapsburg entered. At the end of the service, Mr. von Hapsburg led the colorful assembly to the Hofburg Palace, where he gave an address urging Austria to join the European Community.

# Summit Visits Planned by Kohl and Gorbachev

By Reuters

BONN — Chancellor Helmut Kohl will visit Moscow late this year, and the Soviet leader, Mikhail S. Gorbachev, will go to Bonn in the first half of next year, the chancellor said Sunday. Announcements made simultaneously in Bonn and Moscow confirmed months of speculation and ended that Soviet-West German relations were back on a cordial path after a chill during the past year. Dates for the trips will be decided later. Mr. Kohl wanted Mr. Gorbachev to visit Bonn in the first half of this year, during West Germany's six-month presidency of the European Community. But the Soviet foreign minister, Eduard A. Shevardnadze, ruled out a visit so soon and, according to West German sources, suggested that Mr. Kohl go to Moscow first. Mr. Kohl offered Mr. Gorbachev when, in November 1986, he compared the Soviet leader with the Nazi propaganda minister, Joseph Goebbels. Moscow immediately canceled a series of ministerial visits, even as East-West relations in general were gradually improving.

# 7 Killed as 2 Avalanches Hit Austria

Compiled by Our Staff From Dispatches

INNSBRUCK, Austria — Five Swedish tourists and two Austrians were killed by two avalanches that hit St. Anton in the Arlberg on Sunday. As many as 20 more persons may have been injured when masses of snow buried several houses in the village, the police said. Three Swedes in critical condition were flown to an Innsbruck clinic and several others were taken to a hospital. Identities of the dead Swedes have not been established. The two Austrians, both local women, were identified by their relatives, he said. The police said the Swedes were part of a group of tourists that arrived at St. Anton on Saturday. They stayed in a boarding house that was destroyed by the snowslides. The two avalanches roared down Mount Zwölfkopf shortly before 7 A.M., engulfing a gasoline station

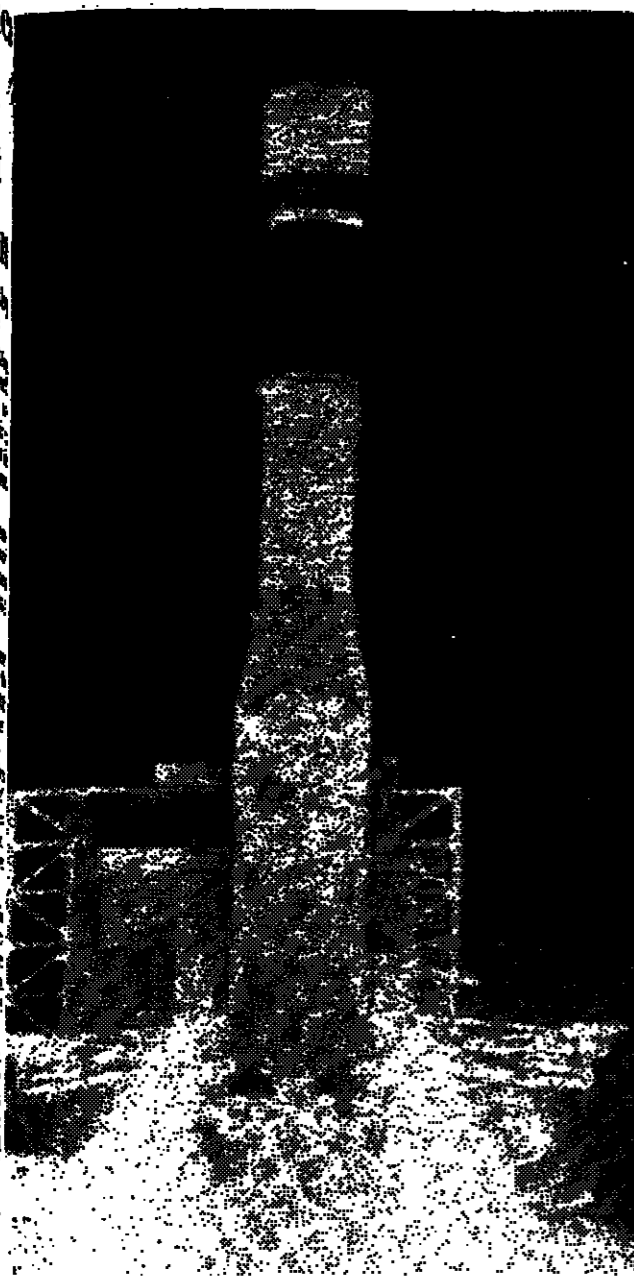
and several houses before they blocked a rail line minutes after a train had passed. St. Anton is located in the Arlberg area between the provinces of Tyrol and Vorarlberg. It is the center of a well-known ski area that has traditionally attracted Scandinavian and British tourists. The snowslides ripped off roofs and knocked down walls for 300 to 400 yards, a policeman said. Policemen said the two avalanches had a combined length of about 400 meters (132 feet) and a height of up to 10 meters. Three other tourists were killed by separate avalanches in the same province on Saturday. Blizzards have swept western Austria since Friday, triggering numerous avalanches and trapping 30,000 people. Among them are former Queen Juliana of the Netherlands and her German-born husband, Prince Bernhard, vacation-

ing in the resort of Lech in the Arlberg mountains above St. Anton. About 1.8 meters (6 feet) of snow has fallen since the blizzards began. Prince Charles of Britain narrowly escaped an avalanche in Klosters, Switzerland, 45 kilometers (20 miles) southwest of St. Anton, on Thursday. A member of the prince's party was killed. Virtually all Alpine roads in western Austria were closed and the nation's westernmost province, Vorarlberg, was cut off from the rest of the country. Even the road tunnel under the Arlberg Pass, intended to provide an all-year link, was closed because of the danger of avalanches on approach roads. Heavy snow caused chaos in the West German state of Bavaria, where the police said many roads had been closed because of possible avalanches. Several mountain villages were cut off. (AP, Reuters)

# Raids on U.K. Soccer Gang

By Reuters

LUTON, England — The British police on the trail of a gang of soccer hooligans seized 17 youths and an array of weapons Saturday in raids before the English Football Association Cup quarter-final between Luton and Portsmouth.



The Ariane-3 rocket blasting off in French Guiana.

# Ariane Rocket Sends 2 Satellites Into Orbit

By Reuters

PARIS — The French telecommunications satellite Telecom-1C, which was launched by a West European Ariane-3 rocket in French Guiana on Friday, was moved into its prearranged Earth orbit on Sunday, the French Telecommunications Ministry announced. On its fourth circuit of the Earth since the launch, the satellite's engine was fired for 45 seconds to take it into a geostationary orbit more than 22,000 miles (36,000 kilometers) above the equator. The maneuver was important for the operation of the satellite, which joins the Telecom-1A satellite to provide telecommunications links between France and its overseas departments, military communications and television and radio transmission facilities. Early Monday it is due to point itself toward the sun and extend the solar panels that will provide it with power. "It will be fully activated next month and become commercially operational in May."

The other satellite launched by the Ariane-3, Spacenet-3R/Geostar R01, owned by GTE Spacenet Corp. of the United States, is not due move into its final position until Tuesday.

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**International Herald Tribune**

# Greece in the 1990's NEW TRADE AND INVESTMENT OPPORTUNITIES

A second major conference cosponsored by the International Herald Tribune and American-Hellenic Chamber of Commerce. Athens, March 28-29, 1988

The conference will be addressed by Prime Minister Dr. Andreas Papandreu along with those members of the government most directly involved in formulating and implementing the policies that will affect the future business climate. Additional presentations will be given by leading government officials, bankers and businessmen. Simultaneous translation will be used at all times. Senior executives wishing to register should complete and return the registration form today.

MONDAY, MARCH 28	TUESDAY, MARCH 29
<b>OPENING ADDRESS</b> Andreas G. Papandreu, Prime Minister of Greece	<b>THE DEFENSE INDUSTRY</b> Stathis Viotas, Alternate Minister of Defense
<b>NEW ECONOMIC POLICIES</b> Theodoros Papadimitriou, Minister of National Economy	<b>THE SHIPPING INDUSTRY</b> Eustathios Giandomichalis, President, Union of Greek Shipowners
<b>TRADE: NEW OUTLOOKS</b> Nicholas Alkiviadis, Minister of Trade Energy and New Technology	<b>TOURISM AND RELATED PROJECTS</b> Nicholas Skoulas, Minister for Tourism
<b>ANATASIOS PAPANIKOLAOU, Minister of Industry</b>	<b>THE CHANGING ROLE OF BANKING IN GREECE</b> Stelios Panagopoulos, Governor of National Bank of Greece
<b>MONETARY POLICY AND TAX INCENTIVES</b> Dimitrios Tsoukalas, Minister of Finance	<b>GREECE: THE CHALLENGE OF THE 1990's</b> Ambassador Edward E. Streeter, former US Ambassador to the OECD
<b>INVESTMENT INCENTIVES AND PROSPECTS</b> Theodore Karatzas, Deputy Minister of National Economy	<b>LUNCH</b>
<b>LUNCH</b>	<b>GUEST SPEAKER</b> His Excellency Robert V. Keeley, US Ambassador to Greece
<b>1992: THE CHALLENGE FOR GREECE</b> Jacques Delors, President, European Commission	<b>CLOSE OF CONFERENCE</b>
<b>INTERNATIONAL ECONOMIC RELATIONS</b> Yannos Papanikolaou, Deputy Minister of National Economy	<b>CONFERENCE CHAIRMAN</b> Demetrios N. Petstavas, President of the American-Hellenic Chamber of Commerce
<b>THE PRIVATE SECTOR</b> Theodoros Papadimitriou, President, Federation of Greek Industries	<b>Charles J. Pollitts, President of the American Hellenic Chamber of Commerce</b>
<b>BUSINESS IN GREECE: PANEL DISCUSSION</b> John Grimes, Vice President, General Dynamics International Corp.	<b>Axel Krause, Corporate Editor, International Herald Tribune</b>
<b>Eustathios Avestas, Managing Director, Dow Chemical Hellenic S.A.</b>	
<b>Peter Trautschold, General Manager, Wella Cosmetics Co.</b>	
<b>Ellinorina Pliou, Managing Director, Bobalos Hellenic, A.B.E.</b>	
<b>Leonidas Koskos, President, The National Council of Free Enterprise and President, Food Industry Association</b>	
<b>Moderator: Athanasios Frontitidis, President, Hellenic Export Organization</b>	
<b>Reception and Dinner</b>	
<b>GUEST SPEAKER</b> Andreas G. Papandreu, Prime Minister of Greece	

**REGISTRATION INFORMATION:**  
The fee for the conference is €250 for all participants registering from outside Greece. For those registering in Greece, the fee is Drachma 50,000. The fee includes lunches, a dinner and conference documentation. Fees are payable in advance of the conference and will be returned in full for any cancellation that is postmarked on or before March 11. Cancellations after this date will be charged the full fee. Substitutions can be made at any time.

The sponsor reserves the right to amend the program if necessary.

**CONFERENCE LOCATION:**  
Hotel Athenaeum Intercontinental, 89-93 Syngrou Avenue GR 11746 Athens Greece Telephone (30 1) 90 23 886, Tlx: 221 554 AT-H GR. A limited number of rooms has been reserved for participants at preferential rates.

**CONFERENCE REGISTRATION FORM:** Please return to either: International Herald Tribune, Conference Office, 63 Long Acre, London WC2E 9JH, Tel: (44-1) 378-4302, Tlx: 262008, Fax: 240 2254. American-Hellenic Chamber of Commerce, 17 Valaou Street GR 10571 Athens Greece, Tel: (30 1) 36 18 385, Tlx: 223063, Fax: 3610170. Please enroll the following participant for the conference March 28-29, 1988.

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14-3-88

OPINION

Herald Tribune

Shamir Has It Wrong

Thirty U.S. senators wrote to Secretary of State George Shultz to support his Middle East peace plan and to criticize Prime Minister Yitzhak Shamir for rejecting the heart of the plan: land for peace.

The Past Is Falling Down

You wouldn't want to drop it on your foot, but by any other standard the slab of stone that fell off the shoulder of the Sphinx last month — about a meter long and weighing 300 kilograms — is small to have caused such panic and uproar.

A Laugh on the Thugs

One of the most effective weapons available to government in the fight against organized crime, and the narcotics trade in particular, is the forfeiture of assets that have been the instruments or the fruits of criminal activities.

Other Comment

Fewer Wars in the Future?

[The] post-1945 tally of 17 million war deaths is in absolute numbers bigger than the Great War's toll, and half a fairly cautious guess of what the worldwide slaughter of 1939-1945 may have added up to.

INTERNATIONAL HERALD TRIBUNE

JOHN HAY WHITNEY, Chairman 1938-1982
KATHARINE GRAHAM, WILLIAM S. PALEY, ARTHUR OCHS SULZBERGER
LEE W. HUEBNER, Publisher

An Urgent Appeal to Washington, London and Bonn

By Desmond M. Tutu

The writer, winner of the Nobel Peace Prize in 1984, is Anglican archbishop of Cape Town and head of the Anglican Church in Southern Africa.

CAPE TOWN — Black South Africans have exercised the most remarkable patience in pressing for their human rights. In the 1950s they launched a nonviolent defiance campaign.

formed Mission Church and a patron of the United Democratic Front, when he says we must not descend to the government's level in responding to it with violence.

Controlling the News: If Trouble Is Real, It Needs to Be Known

By Flora Lewis

LONDON — South Africa's ban on news coverage of violent repression, especially by television, has worked in a sense. There is no longer a steaming head of outrage in the United States and Western Europe.

Philippines that world reaction can make a difference. Some Israelis would like to suppose that they can learn from South Africa to brazen out challenge by drawing the curtains.

Stop the Soviet Arms Flow to Central Americans

By Oscar Arias Sánchez

The writer is president of Costa Rica. He received the 1987 Nobel Peace Prize as author of a peace plan for Central America.

E STEEMED Mr. Gorbachev: In your book "Perestroika," you have indicated your support for the Central American peace efforts.

House and in the U.S. Congress. We have achieved some success. We are listened to as free men who are seeking an opportunity for peace.

Middle East: A Lower Soviet Profile, but Leverage in the Gulf

By Jim Hoagland

PARIS — The Soviet Union has been discovering that New Thinking will get you only so far in the Middle East. Policy initiatives are quickly encircled and taken prisoner in that politically fragmented region of shifting alliances and caucuses.

the Arabs that he is not prepared to continue supplying them with arms and advisers on the scale of the past, when his predecessors depended on arms exports and confrontation with Israel to secure a Soviet foothold in the Middle East.

Arafat: 'Peace Needs Courageous Men'

By Anthony Lewis

T UNIS — We asked Yasser Arafat whether the Palestine Liberation Organization was prepared to make peace with Israel. "Yes," he said. "Definitely."

hasn't the right to choose the Palestinian delegation," Mr. Arafat said. "It is a matter of dignity and integrity. Can I choose the American representative? O.K., I'll deal with Mr. Jesse Jackson, who is accepting self-determination for the Palestinian people. I haven't the right to do so."

100, 75 AND 50 YEARS AGO

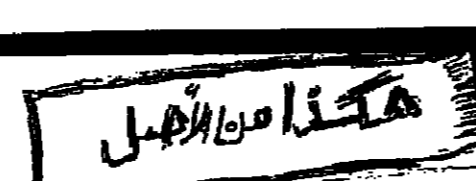
1888: Trouble in Arles
ARLES — Ten thousand people assembled outside the Mairie last night [March 13], shouting for the heads of the Italians who killed two Zouaves in a drunken brawl a couple of nights ago.

1938: The Anschluss

VIENNA — Austria was formally declared a part of the German Reich yesterday [March 13], the union to be ratified by a Nazi-conducted plebiscite of all Germans over 20 years of age in Austria on April 10.

1913: Wilsonian Trends

WASHINGTON — President Wilson and his family continue to smash the president's egg as the State Department's senior Middle East expert, Richard W. Murphy, had urged.



# PERSONAL INVESTING

## FOCUS

### Distant Grows Of Gold Bears

**H**A VE WE heard the first growls of a gold bear market or is the metal's bull market just taking a breather? That has become a subject of debate in the past few weeks, as gold prices have dropped roughly 15 percent since December.

Its performance has surprised many analysts, who seemed certain back in October that the metal would benefit from the upheavals in the world's equity markets. But fears of recession, perception of reduced wealth and increased supply have worked together to dampen investors' enthusiasm for gold.

After a brief peak at \$502 per ounce on Dec. 14, gold has been unable to stage a convincing comeback. Since the beginning of the year, the 25 mutual funds tracked by Lipper Analytical Services that specialize in gold stocks generated a negative return of 16.8 percent. "Are these factors revealing a full-fledged bear market or is the bull market going to recover? That's the key question right now," says John Norris, head of precious metals trading at Citibank in New York.

Taking most of the blame for gold's recent collapse are the dire predictions for a recession later this year. Fearful investors have shied away from the metal, which is typically seen as a hedge against inflation. In addition, publicity about the increasing supply and sudden surges in mining surplus has also diminished the level of investor demand for gold.

These are some of the reasons why Rhona O'Connell, precious metals analyst at Shearson Lehman Hutton in London, concludes that there is little chance for a sustained bull market for the rest of this year. Although she thinks the worst is over for gold prices, Ms. O'Connell is predicting that gold will be little changed at an average price of \$420 per ounce through most of 1988.

"In retrospect, we see that gold had risen from \$281 per ounce in February 1985 to \$502 in December 1987 because people were buying it as insurance against problems with the rising equity market," Ms. O'Connell says. But with portfolios adjusted down 20 percent as a result of Black Monday, she says, the demand for gold is not likely to recover to previous levels without a shift in economic expectations.

**M**E ANWHILE, she says, the supply has been steadily growing 3.7 percent a year since 1981, thanks in large part to increased production in North America and Australia. "That surplus was going to have to show up some time," she says.

Also contributing to the surplus has been the recent decision by several mining companies to raise funds by borrowing gold from commercial banks and selling it in the open market. "A lot of unexpected gold has sold onto the market," says Ms. O'Connell.

Since Black Monday, analysts estimate that gold loans have added between 50 and 70 metric tons to the gold supply. Of the deals made public, American Barrick negotiated a loan involving roughly 8 tons. Bonds, an Australian mine, borrowed about 6 tons. In the past few weeks, First Mississippi mines received a loan of roughly 4 tons.

Experts say that there are more unannounced deals under way, particularly among North American and Australian mines, but they declined to provide specifics because of the sensitivity of the market. They cited the negative impact on gold prices in January, when news of Newmont Mining's loan of 31 tons leaked to the public before the company had a chance to hedge the deal.

Continued on page 10

**P/E**

**Dividend Yield**  
Yield is determined by dividing the annual dividend by a stock's current price. A high yield helps cushion market declines, and a healthy dividend pays the investor spent waiting for an undervalued stock to reach its potential. A yield of 5.5 percent or higher would grab a value investor's attention, since the S&P 500's yield is only about 3.5 percent.

**Net Current Asset Value**  
A rough gauge of how much a stockholder would receive if the company were liquidated. This is calculated by subtracting total debt from current assets, those which can be turned into cash within a year. From time to time, that number divided by the number of shares in the company is greater than the share price. Such cash-rich companies are a rarity.

## The Virtues Of Value Investing Are Back in Style

By Bruce Hager

New York

**S**HORTLY AFTER the October stock market collapse, managers of the Rea-Graham Fund, a Los Angeles-based mutual fund, submitted an article entitled "Celebrating Black Monday" to several magazines. The crash, they argued, was a positive development for investors who wanted to find true value in the market.

"We weren't pleased that a 500-point drop occurred in one day. But being in a down-market position was better than being in an up-market condition," recalls James Rea Jr., president of the \$54 million fund, which follows rules laid down by co-founders Benjamin Graham and James Rea Sr. "It meant a return to more reasonable values, one where we could add stocks to our portfolio."

Months earlier, while others celebrated, the fund had been forced to sell half of its portfolio because "as value investors, we simply couldn't find stocks to invest in," says Mr. Rea. By the time the market collapsed, Rea-Graham had only 25 percent invested in stocks with the rest in Treasury bills. But while the Dow Jones industrial average plunged 37 percent from its August peak to October nadir, the fund fell one-tenth that amount.

Such are the benefits of value investing. Although it is a term invoked all too often in the market, the strategy represents a well-defined, basic approach used by many investors to buy shares in companies whose intrinsic worth may be underestimated.

The hope is that the marketplace will recognize the stocks' value and bid their prices higher. Once stocks become fully valued, they are usually sold and replaced with stock in other undervalued companies. And if the market falls, value stocks generally do not fall quite as much because they were inexpensive to begin with.

Today, in a market plagued with jitters, value investing is back in vogue for the same fundamental reasons. Value investors measure a company's intrinsic worth based on tangibles like net assets and earnings history, instead of market themes and hot tips.

"People tend to go to fundamentals when the market crashes on them," says David Dreman, managing director of

Continued on page 9

## Hot New Issues in Tokyo Second Tier

By William G. McBride

**W**HEN FAMILY Mart Co. hit the Tokyo Stock Exchange's second section on Dec. 8, it quickly set a new standard for hot stocks. Priced at 3,600 yen, the convenience store chain soared as high as 12,200 yen in just a few weeks before settling back to around 9,000 yen.

But Family Mart is only one of about a half dozen spectacular successes in Tokyo's new-issue boom of the last few months. "They've just about all gone through the roof," notes Donald Hay, a portfolio manager at Edinburgh Fund Managers in Scotland, which manages funds that specialize in smaller Japanese companies.

The enthusiastic response to the newcomers highlights a new interest among investors in Tokyo's burgeoning number of second-tier stocks. Smaller stocks in general fit into a growing emphasis on companies with little export exposure and fast-growing profits. But new issues often have added allure because they offer investors their first crack at pure plays on specialized segments of the Japanese economy, especially in the consumer and service area.

Laura Luckyn-Malone of Scudder Stevens & Clark in New York, which manages the Japan Fund and the Scudder New Asia Fund, cites retailers like Family Mart as just one example of "a whole new tier of interesting

companies." As the Japanese economy becomes more consumer-driven, there will be more such opportunities, she believes.

"The retailing industry in Japan is becoming much more segmented," she says. "And most of the attractive plays are in the smaller companies."

Asatsu is a good example of the type of company that has been drawn to the second section and has excited investors. The first Japanese advertising firm to go public, its price has climbed almost 50 percent since a Dec. 1 offering. "We're expecting a couple of more advertising firms to list this year," says Mr. Hay. "There's a domestic push by Japanese companies driving the advertising market."

Specialized technology companies have received a similarly warm response. Namco, a software house that supplies Nintendo, the video games maker, surged 30 percent.

While second-tier stocks began coming under closer scrutiny last spring, it was the infusion of new issues that helped step up the momentum in the first two months of this year. Since Jan. 1, the second-section index is up a hefty 23 percent, while the first-section, home of the blue-chip exporters and big financial stocks, has advanced about 20 percent.

In some ways, the rise in smaller stocks has been helped by technical factors. In Japan, margin buying—the purchase of shares with borrowed

money—is confined to first-section stocks. In a sharp downturn, investors would be forced to sell their stocks to pay off some of their margin loans.

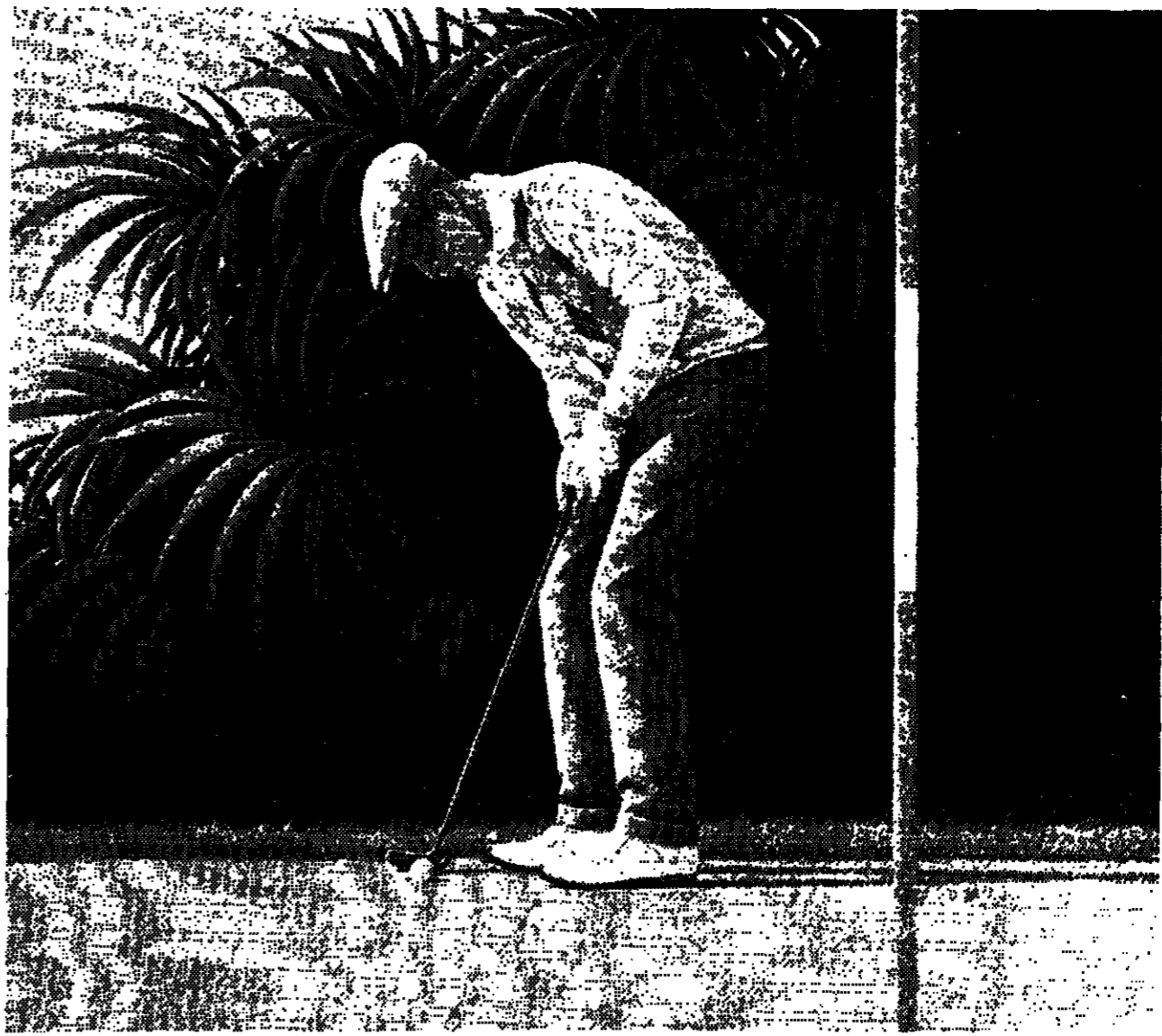
Second-section stocks, with their absence of margin buying, are seen as less vulnerable to a sell-off. That view seemed to have been bolstered by the better performance of smaller stocks in the October crash. During October, the second section fell 10.2 percent, while the first section sank 12.6 percent.

Other factors supporting the market are more transitory, however. And even boosters of smaller stocks doubt that the current pace can be sustained.

There is widespread acknowledgment that the rise in some small-company issues was orchestrated by big Japanese brokerage firms to give valued customers a chance to dress up

Continued on page 8

The right approach. It takes personal attention and global resources to get where you're going.



## COLLECTING

### Cashing In on Campaign Mementos

By Cynthia Catterson

**W**HEN IT comes to this year's presidential candidates, Robert Fratkan is not taking any chances. An avid collector of election memorabilia, he has been busy for the past few months picking up campaign buttons from all of today's presidential hopefuls.

"Right now, you can pick them up for almost nothing, so grab every one you can," he says.

After all, only history will tell which relics from the 1988 run for the White House will have any appreciative power, according to Mr. Fratkan, a vice president at Shearson Lehman Hutton in McLean, Virginia, and a former president of the American Political Items Collectors.

But if past presidential campaigns are any indication, some could prove a lot more valuable in the years ahead. Leftovers from previous campaigns have yielded a steady 5 percent to 10 percent annual return in the last decade, while some of the rarer items have increased in value by as much as 1,000 percent.

Campaign collectibles represent a market where mementos can go for anywhere from 50 cents to several thousand dollars. In general, an item bearing the image of a candidate is more valuable than one with just the candidate's name or slogan.

Likewise, a jugate—a button, ribbon, flag or whatever depicting both the presidential and vice presidential party nominees—can be worth more than a single portrait. But the overall value of any particular piece is determined by the nuances of its rarity and historical significance.

Rarity is by far the most important factor affecting value. That is why political artifacts from 19th- and early 20th-century campaigns are in greater demand and tend to command higher prices than the mass-produced buttons and bumper stickers that became commonplace after 1950.

Nineteenth-century political campaign trico-a-brac such as porcelain tea sets, paper



A campaign ribbon from William Jennings Bryan's 1908 campaign. It is valued at \$400.

fans, walking sticks, ribbons, flags and tintype pins are among the most sought-after items by collectors, says Brian Riba, president of Riba Auctions, a South Glastonbury, Connecticut, specialist in ephemeral items of historical significance. He notes that banners, flags and ribbons tend to be more valuable than pins. In terms of popularity and historical importance, Mr. Riba notes that Abraham Lincoln memorabilia is the most widely collected,

both in the United States and abroad. Lincoln campaign ribbons usually fetch between \$500 and \$600 at auction, while ribbons for candidates in subsequent election years typically sell for between \$50 and \$150 apiece.

A candidate's popularity, however, is not a sure ticket to a sound investment, warns Mr. Riba. Brass tokens from Lincoln's campaigns can be worth as little as \$20 because they were widely distributed and commonly saved by admirers.

Fewer keepsakes remain from less popular presidents, and some of them can be quite valuable, adds Kenneth Florey, a professor of medieval literature at Southern Connecticut State University and a historical items consultant.

A rare ivory and paper campaign fan to remind voters of Franklin Pierce, the 14th president of the United States who served between 1853 and 1857, recently sold at auction for \$1,500, and a campaign ribbon from Martin Van Buren's run for office in 1836 recently fetched \$2,500.

Likewise, Mr. Florey notes that presidential contenders do not necessarily have to win the election for their campaign materials to become collectible. "Some candidates were expected to lose anyway, so little money was put into their campaigns," he explains.

Scarce products from less well-known losers like Henry Clay, Lewis Cass, General George McClellan and John Davis create a stir whenever they appear on the auction block. Some of the most precious campaign items are from James Cox and his running mate, Franklin D. Roosevelt, a team that few expected to win the 1920 election.

As a result, Shearson's Mr. Fratkan says, "You can find a number of beautiful McKinley color picture buttons from the 1896 and 1900 elections for less than \$10, but it's difficult to find Cox picture buttons, which were only made in black and white, for less than \$50."

Mr. Fratkan also points out that because there are only about 80 known Cox-Roosevelt

Continued on page 11

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BOURSES

Tokyo's Second Tier Outpaces the Blue Chips

Some new issues gave investors their first crack at promising economic sectors.

Continued from page 7

their portfolios before the end of the fiscal year on March 31.

Such manipulation is not uncommon in Tokyo. Indeed, the Ministry of Finance already has disclosed inquiries into the price movements of a few second-section stocks.

A recent announcement mentioned Koito Industries, a maker of traffic signal equipment that joined the second section on Nov. 1.

Moreover, some skeptics say the surge in second-tier stocks will evaporate as big institutional investors, especially foreign fund managers, again exert their preference for larger companies.

Ron Napier, a Tokyo-based analyst with Salomon Brothers, notes that smaller stocks outperformed larger stocks for most of the 1970s.

By the mid-1980s, Mr. Napier notes, "we had a tremendous institutionalization of money" in the likes of insurance companies and special trust funds. The managers

of these huge portfolios were "uninterested in small, thinly traded stocks," he says.

During 1985 and 1986, small stocks were so out of favor that they began to trade at a discount to the big blue chips. Even now, based on profit expectations in the year ahead, Mr. Hay estimates that the average price-earnings multiple of second-section stocks is about 48, versus 57 for the first section.

"We see that really changing," says Mr. Napier. Changes in pension-fund management laws will allow corporations to oversee their own portfolios, he notes, widening the potential number of investors for whom smaller stocks would make sense.

On a more fundamental level, the impressive earnings growth anticipated for many smaller companies combined with the attractive price-earnings multiples will continue to entice investors, says Ed Merner of Schroders (Asia) Ltd., which advises the firm's London-based unit trusts.

Investors can no longer count on major declines in interest rates and huge inflows of cash to power the market, as it did over the last two or three years, he says. Given these new conditions, says Mr. Merner, "I think the second section is more likely to outperform the first."



Nigel Barry of Dunedin sees the rebound in smaller stocks as a sustained trend.

The New Interest in Small Stocks

By Marybeth Nibley

LAST SPRING and summer, Nigel Barry felt distinctly unpopular. "Nobody wanted to know me," recalls the 28-year-old investment manager at Dunedin Fund Managers Ltd., where he oversees the Japan Smaller Companies Trust and the Far East Trust.

He remembers meetings in London at which people paid little attention to what he had to say about Japan. At the time, they were far more interested in Asia's booming smaller markets. Less intriguing were the shares of Japanese smaller companies, which were lagging behind the blue chips.

But lately, Mr. Barry's view are getting a more cordial reception.

After languishing near the bottom of the mutual funds standings, the Dunedin Japan Smaller Companies Trust has moved up strongly in recent months, with its offering price climbing 24 percent since the first of the year.

It ranked fifth in Opal Statistics Ltd.'s February performance table of U.K. mutual funds. The Japan Smaller Companies Trust is up 121.5 percent since it was launched in September 1985.

That leaves the Dunedin trust, with assets valued at a modest £13 million, a few percentage points larger than its level before last October's crash. And it reflects the resilience of the Japanese market in general, and the enthusiasm for Tokyo's smaller, second-section stocks in particular.

The trading boom has driven the second-section index above the record set before last autumn's plunge, but some analysts are saying the ardor is about to cool.

Soon, say skeptics, first-section heavyweights soon will outrun second-section stocks as foreign money returns to Tokyo.

Mr. Barry is more sanguine. He believes a "little setback" may occur in the short term, but second-section stocks still hold promise. "On an historic basis, we don't believe the second section is overpriced," he says.

Based in Edinburgh, Mr. Barry travels to Japan about every nine months to spend time with the management at several companies. He sees advantages in working far from Tokyo's often speculative atmosphere. "Working here, you're not trapped in a market, and you can take a good global view," he says.

Indeed, Scottish money managers have built up something of a reputation for focusing on smaller, lesser-known Japanese companies. Edinburgh Fund Managers Ltd. and Beilie Gifford Ltd., also in Edinburgh, both manage investment trusts and mutual funds specializing in Japanese small stocks. All told, there are over 20 U.K.-registered funds and off-shore funds that target these investments.

Like many managers of these smaller-company funds, Mr. Barry puts a heavy emphasis on shares that will likely benefit from rising incomes in Japan, and the growing consumer appetite for upscale clothing and home furnishings. Currently, about 23 percent of the trust is invested in the consumer and retail sectors.

professionals who seek reasonably priced, stylish clothing.

Another example is Seibu, a restaurant chain marketing Japanese and Western-style foods, which may benefit from loosening controls on imported foods, Mr. Barry believes.

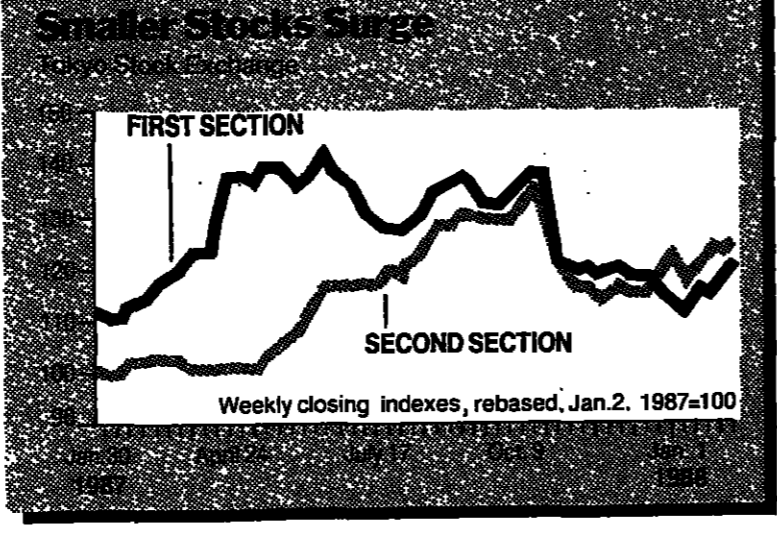
The trust also has a stake in Eidsenba, a retailer of consumer electronics goods that is based in Nagoya, Toyota's headquarters. That region is regarded as heading toward economic recovery, which, in turn, could help consumer spending.

The crash last October prompted Mr. Barry to raise cash to meet redemptions. Among the shares he sold were Chiyoda Shoe Shop, which has seen sharp increases in profit as it branches into toys and clothing. Lately, though, he has been buying back the stock on the belief that the company still has impressive growth ahead.

Another holding he trimmed back was Toochig Fuji Sangyo, a manufacturer of four-wheel-drive vehicles. These vehicles caught the Japanese consumers' fancy, but some analysts suspect the fad will not survive much longer.

"I'm wondering now what's going to be the next gadget," Mr. Barry says. No money spinner, like the video tape player, is heading for the market, he says, but he is exploring the potential in high-definition televisions.

Leisure activities are another theme in Mr. Barry's strategy. As Japanese are encouraged to increase their leisure time, the tourism business will grow, he figures. The trust seeks to cash in on the trend through Tokyo Tourism, a division of the Tokyo Group. It is one of the few quoted firms in the tourism field.



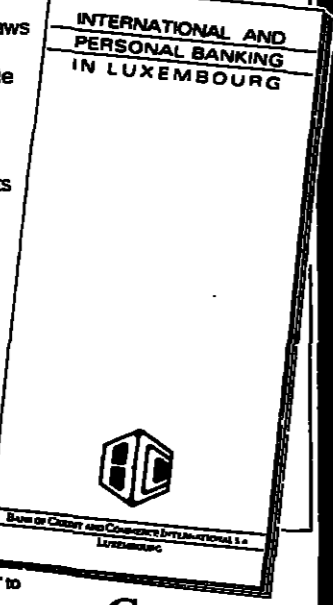
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**BOURSES**

# The Virtues of Value Investing

Continued from page 7

Dreman Value Management, a New York money management firm. "You want strong companies and you don't want to pay much for them."

Take Cipher Data Products, a maker of data storage devices used to back up memory in microcomputers. After the October crash, the stock was selling on the over-the-counter market for less than its current net asset value, or current assets minus current liabilities and long-term debt. That meant an investor could buy the company for its working capital, with the fixed assets thrown in for free.

A conservative strategy, value investing is best used with patience and discipline because stocks might take two to five years to become fully valued. Indeed, during the five-year bull market, value investors were often left in the dust behind those chasing speculative companies.

"A value investor picking only stocks with the lowest price/earnings multiple from the Standard & Poor's 500 index would have had a total return of 100 percent compared with 112 percent for the S&P 500 itself. A value investor following the same strategy for the last 10 years, however, would have seen his stocks return 450 percent, compared with 303 percent for the S&P."

"If you're going to apply value principles, it's a discipline you really have to stick with," says Mark Keller, a value analyst with A.G. Edwards in St. Louis. "Value investors rarely show up at the top of the pack in the short term."

The concept of value investing dates back to when two Columbia University business professors, Benjamin Graham and David L. Dodd, set out to develop a method of analyzing a company's intrinsic value in the aftermath of the 1929 crash. The result, a treatise called "Security Analysis" (McGraw-Hill, \$49.95) published in 1934, became the value investor's bible.

"If Graham and Dodd wrote the bible, however, value evangelists have spread the word through different denominations. Some prefer companies with strong income statements, with good cash flow and a history of earnings growth and dividend increases. Others put more emphasis on a healthy balance sheet, with little or no debt and enough assets to make a company attractive as a buyout or takeover candidate.

The latter approach, preferred by traditional takeover specialists, has radically changed the landscape of corporate America over the past decade. "A lot of these takeovers are shareholders recognizing the value of these assets and getting a higher return on them or trying to get them out," says Larry Harris, manager of the Worldwide Value Fund.

To screen stocks, value investors use a number of tools developed by Graham and Dodd. Chief among them is the price/earnings multiple, a measure of a company's earnings power.

The higher the multiple, the more people are paying for a company's earnings growth prospects. If a company has a low multiple, then investors either believe the company will do poorly or have overlooked the stock.

High multiples are usually associated with young, fast-growing companies and carry a higher degree of risk because high expecta-

tions are easily unfulfilled. That risk can extend to entire markets. When the S&P 500 multiple reached 19 in August, for instance, most investors ignored price/earnings ratios and bought on sheer speculation.

"People were saying, so what, P/E ratios are getting towards 20, we have all this money sloshing around in the system, don't worry," says Arnold Kaufman, editor of The Outlook, a newsletter published by Standard & Poor's. "Today," adds Mr. Kaufman, "people are looking at P/E ratios again."

But the multiples are not enough. Valuation measures have to be looked at with a general macroeconomic view, including interest rates and inflation. Most value investors look for stocks that fit several value criteria at the same time.

William Leung, president of the Gradison Established Growth Fund in Cincinnati, looks for a combination of low price-to-book ratios, rising earnings and a healthy return on equity. Two companies that fit include F.W. Woolworth's and Ford Motor Co.

Ford has a 1.5 price-to-book ratio compared with an S&P 500 average of 2 and a 22 percent return on equity compared with an average of about 12 percent. As for F.W. Woolworth, the company has a 14.5 percent return on equity and a 1.7 price-to-book. Although Woolworth's 2.8 percent yield is below the 3.5 yield market average, Ford's is an agreeable 4.4 percent.

"The way we seek out value is to constantly search for assets that can be bought the cheapest," says Mr. Leung, whose fund has an average price-to-book value of 1.2. "If we have 100 companies that pass our buy screens, then we pick those that are selling at the lowest price-to-book."

Mr. Rea uses a computer model based on 10 criteria to screen about 4,000 domestic stocks and between 1,800 and 2,000 non-U.S. issues. Financial soundness is a primary consideration. The fund looks for companies whose total debt never exceeds twice the value of their assets if they suddenly went out of business.

Moreover, the fund prefers companies that have doubled their earnings in 10 years and have at least a 7 percent annual compounded growth in net income.

Actna, General Motors and Detroit Edison currently meet Mr. Rea's criteria. He also finds value in Far West Financial, a savings and loan, which last week was selling for about \$11 a share. The fund will continue to acquire shares until the price reaches \$12.75 and then sell at \$19.25 a share, Mr. Rea says.

Investors who prefer to do their own calculations can determine value characteristics from the financial statements of annual reports. And for those who have personal computers, software programs that screen stocks according to value criteria are available from Standard & Poor's as well as Value Line Investment Services in New York.



James Rea Jr. found a bright side to the crash.

Still, a value investor would be the first to admit that stocks rarely meet all criteria. "I once ran a screen of 700 stocks and was so stringent that there were only about 10 stocks that made it," says Mr. Dreman of Dreman Value Management. "You can't be too tough."

# Merchant Banks: Still on Ropes

By Marybeth Nibley

London

THE BEST measure of sentiment when it comes to Britain's merchant banks nowadays is probably the widespread sympathy the sector evokes among analysts. "I feel sorry for them," says John Tyce of Alexander's, Laing & Cruickshank Ltd. "I do feel quite pessimistic because all their areas of activity are stock market driven, and there is little evidence of a revival."

Rod Barrett, an analyst at Hoare Govett Ltd., says merchant bank stocks are behaving as expected given the behavior of the stock market itself. Apart from the market collapse, the transformation of the industry spawned by the deregulation of London's markets, known as the Big Bang, still is taking place.

"You've got a process of change that just goes on and on and on," says Mr. Barrett. "The revolution didn't start one day and finish the next."

Consequently, merchant banks, which had spent most of 1986 and 1987 gearing up their securities operations for an expected boom in business—and commissions—are suffering. Staffing levels remain too high and the teams of specialists that were hired to handle the proliferation of new financial products are turning out to be a drag on profitability.

Robert Grant, an analyst with Capel-Cure Myers, says demand for innovative products still exists but the trend seems to be back toward traditional investment vehicles.

"The old-fashioned merchant banking activities, corporate finance and commercial banking, are holding up quite well," observes Hugh Fye of County NatWest Securities. "The corporate economy is quite buoyant."

Not all the investment and securities groups are in pitiable positions. Analysts regard S.G. Warburg Group PLC as the soundest and its merchant banking unit as the industry flagship.

"I believe that they have managed to build up the best-integrated operation," says Mr. Fye, noting that Warburg's risk-averse and cautious style appeals to clients during volatile times. Adds David Poutney, an analyst with Barclays de Zoete Wedd, "Warburg is the only merchant bank that appears to have its act together."

Pre-tax profits came to £98 million in the fiscal year ended March 31, 1987, compared with £91.8 million in 1986. Mr. Fye predicts 1988 earnings at £128 million and 1989's at £139 million.

Analysts said the expansion strategy Warburg pursued of buying existing securities operations and melding them into the group with a minimum amount of disruption has paid off. Other groups who attempted to develop their own units in what appeared at the time to be a more economical strategy have fared far worse.

Still, analysts believe shares in Warburg are attractive only as a long-term investment. "The stock is trading close to book. If we're in

## Slack Sector Prices in pence

	52-Week High-Low	Price March 7
Kleinwort Benson	610-277	379
Warburg	575-265	344
Morgan Grenfell	593-208	268
Schroders	1,700-702	950
Hambros	386-222	258

for a protracted period of low turnover, Warburg can only walk on water once in a while," according to Mr. Tyce of Alexander's, Laing & Cruickshank.

In many ways, Warburg has taken over the center stage from Morgan Grenfell Group PLC. Morgan Grenfell shares were bid up amid takeover talk that developed in the aftermath of the Guinness PLC affair. Analysts tend to dismiss the talk now and recommend that investors sell their shares.

The speculative element that has kept Morgan Grenfell stock aloft is unwarranted, analysts say. First of all, senior management does not want to be bought out, analysts contend. Moreover, they note that the Bank of England usually discourages unfriendly takeovers in the merchant banking field.

By contrast, analysts are more optimistic when it comes to Kleinwort Benson Group PLC. Mr. Poutney of Barclays de Zoete Wedd says that a year ago Kleinwort Benson was seen as a core holding, but now after a tough time it looks more like a speculative play with attractive assets.

Kleinwort Benson shares lagged behind the market over the past year and have been trading at a discount to net asset value, the only stock in the sector to do so. The shares have been at a discount largely because much of last September's £144 million rights issue was left in the hands of underwriters due to the crash. This, according to analysts, could open the door to takeover activity.

Alexanders Laing & Cruickshank's Mr. Tyce sees "a big bounce coming" eventually in Kleinwort Benson's earnings. Pre-tax profits could jump as high as £110 million in 1988, up from an estimated £68 million in 1987 and about £78 million in 1986.

Another stock that some analysts favor is the much smaller Singer & Friedlander Group PLC. Created in 1987, the group is made up of a merchant bank and a property division and has no direct exposure to the securities industry. It is not considered a merchant bank, but merchant banking profits dominate.

Hambros PLC also is considered separately by analysts. It has gone in a different direction, focusing on retail financial services through its real estate agency, Hambro Countrywide.

# Pitfalls for Global Value Players

THE TECHNIQUES of value investing came of age in the United States, where securities law mandates uniform disclosure by public corporations. But different laws, accounting procedures and market behavior often confound value investors who try to apply the principles across borders.

Many value investors are staying clear of Japan, for instance, because the market has been selling as high as 60 times earnings, an unheard-of valuation level by U.S. standards. But some investors say accounting differences make the price/earnings multiple a less useful concept in Japan. They note that local players put more emphasis on such factors as a company's market share and intangibles like prestige and corporate connections.

Sometimes, financial information can be too sketchy to carry out detailed value analysis. A case in point is Spain, where value seekers have been focusing more attention recently. Consolidated financial statements are not required, and the parent company financial statements are usually the only ones made available to potential investors. Income taxes are generally not reflected as an expense in the income statement.

Apart from accounting anomalies, value investing does not always have the same payoff in markets where companies feel little pressure from shareholders or where there is little threat of takeover. In such cases, an undervalued stock could stay undervalued for some time.

Some analysts believe changes are afoot in Europe that could make value plays more attractive. Governments are loosening control on state-subsidized companies and investors are challenging the status quo of formerly inviolable institutions like Societe Generale de Belgique, they note.

"Under the ancien régime, the breaking up was hard to do because the entrenched management could depend upon the protection of the establishment," says Larry Harris, London-based adviser to the Worldwide Value Fund, which invests in markets around the world.

### A Worldly Approach

Worldwide Value Fund's top five holdings:

- General Foods**, U.S. food retailer in North America. The company's sales are growing rapidly over the counter. At about \$100 a share, the stock is selling at a price/earnings ratio of 15.5. The fund's share of the company is 1.5 percent.
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COMMODITIES

Why a Dip In the Pools Takes Nerve

By Elena Bowes

WILLIAM DUNN has some simple advice for potential clients. "Make sure you are comfortable with the style of trading," says the president of Dunn Commodities Inc.

Such counsel is useful, Mr. Dunn says, when investing in private commodity pools. Similar to public commodity funds, pools invest in a wide variety of futures contracts.

But unlike public funds, which are considered securities and are regulated by the Securities and Exchange Commission, pools are considered private placements and fall under the jurisdiction of the Commodity Futures Trading Commission.

Moreover, individual pools are limited to 35 investors, who must meet certain income and net worth requirements. Indeed, membership in a pool does not come cheap.

Pools also differ when it comes to trading style. They are known for an aggressive approach because their investors generally can withstand more risk.

Management fees are roughly the same, about 6 percent a year. And the incentive fee, about 15 percent of a pool's yearly appreciation, is standard in the industry.

Still, in some ways, pools cost less. According to Leon Rose, publisher of Managed Account Reports, the principal cost difference lies in the commissions.

As a group, private commodity pools performed well in 1987, averaging a 36 percent return for the year. This compares with a 10 percent gain in 1986.

The average of 36 percent lags behind the 40.2 percent return generated by public funds last year. But pool operators say performance is better evaluated over a five-year period.

Indeed, between 1983 and 1987, pools generated an average return of 87.6 percent compared with 46.6 percent for funds, according to Managed Account Reports.

But Morton Baratz, editor of the newsletter, cautions that there were wide discrepancies among various pools, underscoring the need

Table with 2 columns: Fund Name and Return Percentage. Includes Kenmar Int'l Fut. Fund B (+193.8%), Alpha Futures Assoc., LP (+159.5%), Canterbury Commodities (+114.4%), Gateway Associates (+98.5%), and Mascieri Futures Fund (+90.0%).

to select a pool with a shrewd adviser. By contrast, he says the funds generally performed in a similar fashion.

As in the case of public funds, private pools have been drawing the attention of investors seeking diversification in the wake of last year's upheaval in the stock market.

"The merit of the product is not that it is a better investment, so much as it is a totally different kind of investment," says Dinesh Desai, president of Desai & Co. in Mountain View, California.

William Levin, president of New Jersey-based Orion Inc., believes the current uncertainties could help the pools. "The word sta-

bility is anathema to us," he says. "The same conditions of predictability, certainty and confidence which make stocks and bonds prosper, make it difficult for commodities, which thrive on price movement, to do well."

Like their public counterparts, the pools trade a wide variety of agricultural and financial futures ranging from soybean and wheat futures to Australian stock indices.

The vast majority of pool operators describe themselves as trend-following technicians who try to predict commodity prices by analyzing past and current price movements, rather than studying fundamentals such as supply and demand.

Currently, many advisers continue to concentrate on financial futures. For example, John Henry, president of the California-based company that bears his name, is long on the Australian dollar and short on such European currencies as the Swiss franc and the pound.

Experts say an investment in commodity pools should not account for more than 20 to 30 percent of an individual's portfolio.

In selecting a pool, Bertram Schuster, an investment adviser with Dean Witter in Chicago, suggests that investors look for advisers who can present audited data concerning their pool's performance and compare the performance of similar-sized pools.

Another consideration is the number of advisers who trade for the pool. Although most pools have only one adviser, some have several advisers who divide up the pool's capital and pursue different technical trading strategies.

Finally, an investor should be patient. While an investor may expect a minimum average annual return of 20 percent over three years, advisers try to dissuade clients from moving in and out of pools. Before accepting an investor to one of his pools, Mr. Dunn questions him as to whether he can live with the so-called "wriggle," the ups and downs that pools generally experience from month to month.



William A. Dunn on the phone and Pierre Tullier, an aide.

STRATEGY

Safety Nets in a Nervous Market

WHEN THE WORD "volatile" appears in print these days, it is a good bet that the next word will be "stock market."

To cope, investors have been turning to two tried-and-true trading techniques: stop orders and limit orders. Simply put, these are detailed instructions to a broker specifying at what prices shares should be bought and sold.

Stop and limit orders let investors "call the shots" on when they want to trade, says Tom Taggart, a spokesman at Charles Schwab & Co. He estimates that his firm's clients utilize them "five to ten percent of the time."

While these techniques can be valuable safety nets in a nervous market, they have their own special pitfalls, warn professionals.

A stop order instructs a broker to execute a purchase or sale as soon as a stock reaches a trigger price designated by the investor. These are most often used to protect profits or minimize losses if a stock drops.

An investor who bought a stock at \$10 and saw it rise to \$20 might put in a "stop loss" order at \$17. If the stock falls to that price, the stop order becomes what is known as a "market order."

An important point: The stop order is no guarantee that the trade will be done at the trigger price. Last October, few stop loss orders were executed at, or even near, the trigger price.

In a best-case scenario, "an investor is protecting himself," says Mary Calhoun, a former broker and author of "The Guide to Investor Protection."

There is also a risk of being "whipsawed" in a temporary market downturn, especially if the stop order's trigger price is set too close to the current price.

Once a limit or stop order has been processed, it "lives on the floor," so to speak, and takes precedence over subsequent orders.

This is especially significant for investors who do not monitor their

February Market Scoreboard

Table with 4 columns: Exchange, Stock Name, Percent Change, Price Feb. 29. Includes New York Stock Exchange, American Stock Exchange, Over the Counter, London Stock Exchange, and Tokyo Stock Exchange.

investor who is concerned about timing, a limit order is the best way to execute an order, the best way to avoid error."

"In the immediate days of the market crash," she adds, "People couldn't get through to their brokers, brokers lost or mis-executed orders or didn't execute them at all."

"I recommend very strongly to investors that they use limit orders," says Ms. Calhoun. "For an

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"I recommend very strongly to investors that they use limit orders," says Ms. Calhoun. "For an

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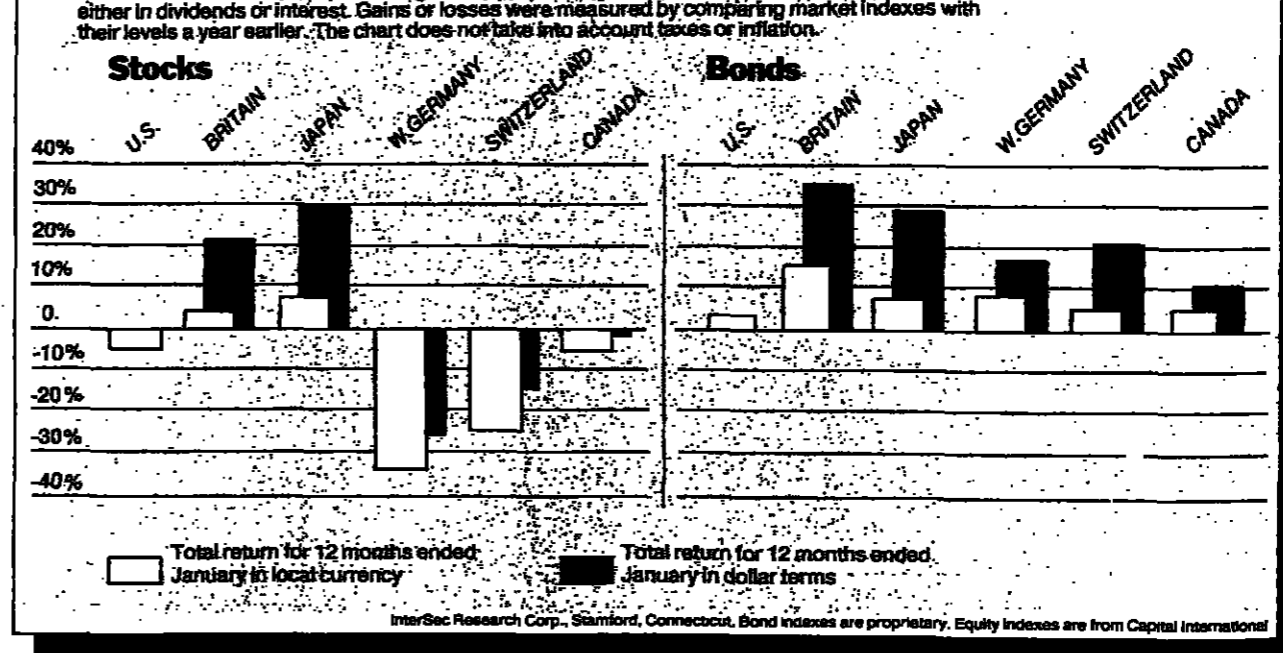
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FOCUS

Continued from page 7 There are rumors, however, that Newmont Mining's parent, Consolidated Gold Fields of Britain, is planning to raise 9 tons to cover the debt it incurred while fighting a hostile takeover bid by T. Boone Pickens.

But some analysts worry that investor awareness—and negative reaction—to news of these loans has distorted the actual impact loans have on the supply. In general, gold loans do not change the long-term supply or demand balance because what companies borrow today is accounted for in future production," explains Lucille Palermo, a gold stock analyst at Drexel Burnham Lambert.

Mr. Armstrong, a technical analyst and chairman of Princeton Economics International, has a shorter time horizon. He says the question about gold's future should be answered when it hits its low within the next two weeks.

Mr. Armstrong, who bases his projections on price and trading patterns, believes that the bull market should continue as long as the price holds at \$342 at the close of any given month. A steady close above \$450, he says, would signal the low for the year had been reached.

DIAMONDS YOUR BEST BUY section with text about diamonds and contact information for Joachim Goldenstein.

WIN MILLIONS LIKE THE COUPLE PICTURED BELOW section with a photo of a couple and a prize breakdown table.

Large vertical advertisement on the right edge of the page, partially cut off, with text like 'Bonds', 'RTING', and 'thing In on C'.

BONDS

Junk Bonds' Juicy Yields Attract High Rollers

Advocates say fear has created some bargains.

By David C. Lanchner

TRADITIONALISTS would call Warren Green a risk taker. Although the president of American Investors Income Fund, a junk bond portfolio, disputes the accuracy of the moniker, he does not care if people believe it. "If low-rated bonds weren't considered dangerous, they wouldn't be worth investing in," he says.

Mr. Green and other junk specialists have said for years that the premium on junk bonds — 3 to 5.5 percentage points higher than the yield on Treasury and corporate instruments rated BBB or better — more than compensates for the actual level of risk.

Even the persistent fears that Drexel Burnham Lambert, the biggest market maker in high-yield bonds, could be implicated in the insider trading scandals and collapse the secondary market have not deterred them from their commitment to junk. And despite fears that a recession could lead to widespread junk bond defaults, Mr. Green remains confident.

Indeed, the market has recovered from last year's setbacks, when rising interest rates depressed prices of all fixed-income instruments. Immediately following last October's stock market collapse, the yield spread between Treasuries and junk, which had been narrowing, widened a full 2 percentage points to 5.5 points on fears of a recession.

While yields have come down somewhat, the premium over government issues remains high at about 5 percentage points. "Irrational fear has produced bargains," Mr. Green says.

The chief reason for the attractive spread is that the vast bulk of junk bonds have yet to be tested by a sharp downturn in the economy, a chronic concern on Wall Street nowadays, and issuers must compensate for investor skittishness.

The average default loss since 1971 has been 1.2 percent a year. This is why experts suggest that individuals invest in a diversified junk bond portfolio rather than buy issues directly.



Edward Altman, a finance professor at New York University, fully expects that number to rise significantly if bonds issued in the overheated investment atmosphere of the bull market hit a recession.

He maintains, however, that junk would continue to outperform more solid Treasury and better-rated corporate bonds. "For profits to erode to the investment-grade level you'd have to see an unprecedented 10 percent annual loss from defaults. For that to happen we would have to be in deep depression," he says.

Another explanation for the unusually high yields is concern over liquidity. If Drexel Burnham or its

main junk bond impresario, Michael Milken, are dragged down by the insider trading scandal, some analysts fear the market for many high-yield bonds could disappear. "They're the cement that binds everything together," says one money manager.

Conceivably, if Drexel were no longer able to line up issuers with big institutional buyers, investors might panic and pull funds out of the market. As prices plummeted, other investment banks might reduce their exposure, further evaporating the liquidity of many junk issues.

Richard Cryan, assistant portfolio manager of the Fidelity High Yield Bond Fund, believes such a possibility is remote. "A year and a half ago, when the next three largest issuers had only half of Drexel's market share, the collapse of the market was a real concern, but no more," he says. In 1987, the combined share of these firms — Morgan Stanley, First Boston, Merrill Lynch — jumped to 43 percent, surpassing Drexel's hold on the market by 5 percent.

Better yet, says Mr. Cryan, the firms now have a vested interest in maintaining market share and guaranteeing liquidity, since the junk market is valuable as a source of financing for lucrative mergers and acquisitions.

Convinced that the market has a newly won stability, Mr. Cryan is looking at second- and third-tier junk with renewed interest. While post-crash jitters sent yields on all junk upward, many of the larger, better-known issues, such as Burlington, Borg Warner and Safeway Stores, have seen a recent buying rally that has significantly reduced their yields.

Two of Mr. Cryan's current favorites are Dayton Walther 16 1/2s and Eastern 17 1/2s, maturing in 1997.

Mr. Cryan says that the Dayton Walther bonds have been ignored not because they represent a credit risk but because the issue is too small to be worth the attention of most large institutional buyers. Dayton Walther, he says, has a strong cash flow that covers interest by a margin of 2 to 1.

Mr. Cryan's Eastern bonds are secured by Boeing 727s, which must be turned over to investors within 60 days of a default. Eastern, currently engaged in a fierce competitive battle with other airlines, faces a possible strike later this year.

"Even if Eastern were to go under, you'd get those planes, which would bring 85 to 90 cents on the dollar. Combined with the yield you would receive up to bankruptcy, that's a winning proposition," he says.

Not all professionals are so confident about the junk bond market. "What passes for a good high yield credit today would have been at the bottom of the heap four years ago," says Michael Metz, a money manager and portfolio strategist at Oppenheimer & Co. "As rising equity covered up weaknesses and as commissions became more and more lucrative, you got an ever-increasing number of demented deals."

SOME MONEY managers who share Mr. Metz's view, point to junk offerings from some of the nation's most established companies as examples of the market's excesses. Burlington Industries, once the nation's leading textile manufacturer, financed a leveraged buyout last September with junk bonds. Yet yields on these bonds, issued at 16 percent, are so high that company debt cannot be paid solely out of operating revenue. While few doubt Burlington will successfully cover payments with spinoffs and asset sales, the precarious nature of such "blue-chip junk deals" have professionals like Mr. Metz worried.

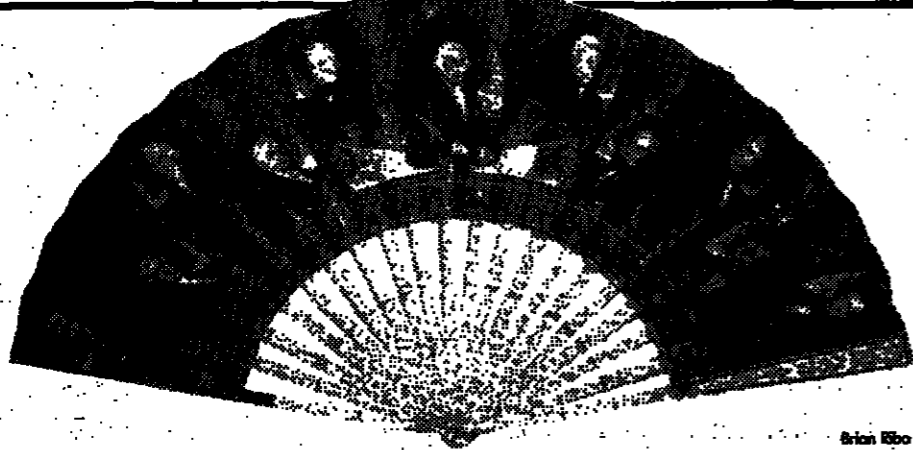
"Unbelievably enough, a lot of these bonds sell in black and white that they cannot pay interest from operating expenses. With depressed equity prices, who knows how many of these deals might fall through," Mr. Metz says.

The market strategist is also cynical about claims that investment houses have a vested interest in maintaining liquidity. He believes the primary reason investment banking houses have been cutting into Drexel's market share are the "obscenely high commissions that can be made."

The pressure to increase their junk business has only meant even more questionable offerings, says Mr. Metz, that could ultimately sharpen the severity of a liquidity crisis.

Yield	Yield	Yield
Shearson High Yield 6.0%	76.6%	10.6%
Fidelity High Yield 1.1%	96.2%	11.8%
Putnam High Yield 3.6%	77.4%	12.6%

COLLECTING



A fan from James Polk's campaign of 1845. It recently sold for \$1,200.

Cashing In on Campaign Items

Continued from page 7

ingate buttons, these pieces commonly command between \$3,000 and \$6,000 at auction. By contrast, the jugates of their opponents, Warren Harding and Calvin Coolidge, are more plentiful and rarely sell for more than \$500.

In fact, a Chicago lawyer and ardent Roosevelt collector outbid Malcolm Forbes Jr. at a 1981 auction and paid \$33,000 for the coveted campaign button. It was the highest price ever paid for a political item, but some experts estimate the actual value of the button was about half the auction price.

Modern campaign collectibles are noticeably different. The advent of the 30-second televised spot has largely supplanted the panoply of items that candidates used to get their message across. Moreover, many collectors shy

away from pieces used in recent campaigns because it is difficult to determine how many were manufactured and remain in circulation.

"You never know when boxes of these things will turn up in the basement of some local headquarters," says Mr. Frarkin.

For these reasons, veteran collectors caution newcomers against spending a large amount of money on any modern campaign item.

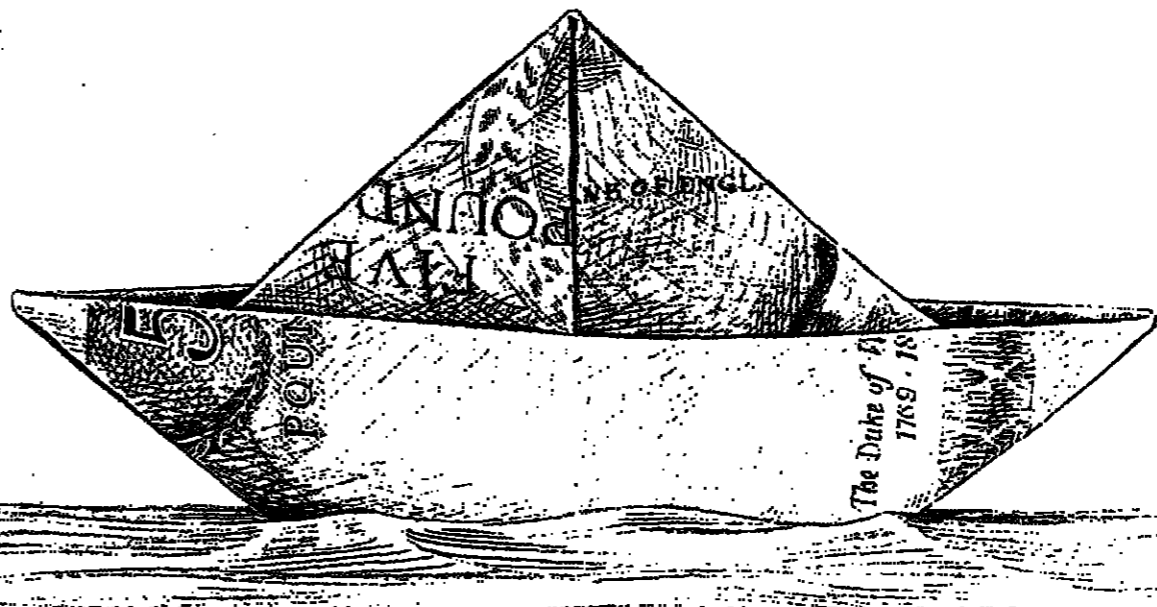
Some uncommon buttons from post-World War II candidates such as Harry S. Truman, John F. Kennedy, and Richard M. Nixon are in demand among collectors, Mr. Frarkin says, and can trade for more than \$100 each. Likewise, unusual party tickets, such as the ill-fated attempt by Edmund Muskie and Thomas Eagleton, or unprecedented campaigns, like Walter Mondale's and Geraldine Ferraro's, have a good chance to

increase in value through the years.

At best, specialists suggest that contemporary campaign articles distributed by local party offices or sold for special events or conventions have a better chance to appreciate than those that are mass distributed by the national headquarters.

Mr. Riba advises collectors to avoid the machine-age dilemma altogether by sticking with pre-20th-century goods. "New collectors should buy the best quality items that they can find," he says. "And it's the early material that is rare and most valuable."

Impatient collectors, however, may not have to wait too long to increase, trade or sell their holdings. An election year seems to bring more enthusiasts into the mainstream than in non-election years.



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\*Money Management Dollar Converted Offshore Fund Performance Table as at 1 Feb 1988.

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## EUROBONDS Rocketing Pound Ignites Currency Pyrotechnics

By CARL GEWIRTZ  
International Herald Tribune

PARIS — Small fireworks on the foreign exchange market last week added some zest to an otherwise becalmed Eurobond market. The excitement began when the pound, which is not part of the European Monetary System's fixed exchange rate mechanism, burst through the long-standing ceiling of 3 Deutsche marks to hit a high of 3.08 DM. This triggered a reaction within the EMS that looked like the start of a crisis for the French franc.

Foreign exchange dealers said the reaction probably started when speculators who had been betting on a surge in the British currency started selling to lock in profits.

"Much of the funds coming into the pound over the past year have been directly or indirectly from the Deutsche mark," says Brendan Brown, an economist at Country NatWest investment bank. "Thus, a counterpart to reduced international demand for the pound, at its higher levels, and widespread profit-taking will be increased demand for the mark."

The speed with which the mark climbed against the franc unsettled the market.

Greater demand for the mark, which is the key EMS currency, automatically puts the French franc under pressure against its German counterpart. This slide occurred late in the week and within a blink the mark, which had been trading comfortably within the fixed range of 3.38 francs, shot up at Friday morning's fixing to 3.405 — uncomfortably close to the EMS ceiling of 3.431. By Friday's close, the rate was straddling 3.40.

But the speed with which the mark climbed against the franc and the Bank of France's unwillingness to step in to slow it unsettled the market. Immediately talk started about the inevitability of a franc devaluation — certainly once the French presidential election is completed May 8, if not before.

This view is largely based on the substantial deterioration in France's trade balance last year. But many analysts, local and foreign, agree with the often-expressed view of French Finance Ministry officials that the trade problems are linked to the product mix of French industry and would not be solved by a devaluation. Opponents of devaluation note that French labor costs currently are rising less quickly than in West Germany and that the inflation gap between the two countries has narrowed sharply.

ANALYSTS who see no likelihood of a devaluation attributed the sudden, sharp deterioration of the franc to a new Bank of France strategy that was unveiled last November. This is to immediately let the franc sink once the rate comes under pressure.

This strategy, analysts say, has two goals. One is to limit the loss of reserves used to defend the currency. Instead of single-handedly trying to stabilize the rate, the new policy is to let the rate fall to a level where France and West Germany are obliged to intervene, forcing the Bundesbank to share the cost.

The second object is to quickly get the franc to a rate low enough to dampen speculators' expectations of windfall gains, thereby reducing the temptation to speculate.

Past experience has shown that after a devaluation the franc soars and the mark weakens, setting the two currencies at the maximum EMS spread of 5 percent apart from each other. That means a mark is worth fewer francs immediately after a devaluation than it was before the change.

Although last week's defense strategy was not accompanied by an increase in the Bank of France's intervention rate, another goal aimed at dampening speculation by making it more expensive, money market rates were driven up. One-month Eurofranc rates Friday rose a sharp 1/2 percentage point to 8 1/4 percent.

French analysts who see no danger of a franc devaluation do fear that turbulence within the EMS could upset the calm that was established in the foreign exchange market earlier this year and trigger a new attack on the dollar.

By week's end, the dollar was trading at 1.6585 DM, a low not seen since early January, despite some favorable economic figures. Washington reported Friday that wholesale prices last month fell 0.2 percent, after jumping 0.4 percent in January, while retail sales, up 0.6 percent, were less torrid than had been feared.

Although reassuring, the figures conflict with the image left by the previous week's report of a very rapid increase in employment, which created worries that the U.S. economy may be expanding too fast to allow a continued narrowing in the trade deficit or a sustained low rate of inflation.

Concern about price developments was heightened last week by the rise in raw materials prices. Oil, which recently had been trading in a range of \$13-\$14 a barrel on the European spot market, ended the week at \$15.

The big test for the dollar will come this Thursday, when the See EURO BONDS, Page 15

## OPEC Cut Now Held Unlikely

Plan on Output  
Meets Opposition

By Youssef M. Ibrahim  
New York Times Service

TUNIS — OPEC members seem to have abandoned a proposal to cut output by about 5 percent because of fears that sacrifices would be negated by other oil producers.

Some members insisted that OPEC should first secure a commitment from producers outside the Organization of Petroleum Exporting Countries that they would also reduce production.

Oil producers that are not members of OPEC met in London last week to discuss the slide in prices. Egypt's oil minister, Abdel-Hadi Mohammed Kandil, who arranged the meeting, said the countries were interested in working with OPEC to cut output and bolster prices. But the group took no action.

OPEC officials said oil ministers have been discussing whether OPEC's pricing committee should meet to consider the sharp decline in oil prices in the last few weeks, a fall that leveled off last week.

The drop brought the average OPEC price down to between \$13 and \$14 a barrel from the cartel's official level of \$18 a barrel.

But late last week, the price of North Sea Brent crude rose nearly \$1 in two days to finish Friday at \$15.10 a barrel for April delivery.

Prices were bolstered during the week by reports of the OPEC discussion and by the meeting of non-OPEC producers.

OPEC officials suggested that many differences of opinion existed within the organization.

Algeria has argued that a cut must be carried out by those members that exceeded their quota late last year and earlier this year, most notably the United Arab Emirates and other producers in the Gulf region, the OPEC officials said.

Saudi Arabia has taken the view that it has never exceeded its quota and has indicated it will resist any further cuts to compensate for the overproduction of others.

Saudi officials argue that, before any new measures are adopted by OPEC, existing accords must be respected.

## Coke Pours Effort Into Overseas Markets

By Richard W. Stevenson  
New York Times Service

ATLANTA — Coca-Cola Co., maker of that most American of products, earned more money from soft drinks in Japan last year than it did at home — despite a record year in the United States.

That Japan produced about \$350 million in operating income for Coke, compared with \$324 million from the United States, is partly a result of the stronger yen boosting earnings when translated into dollars. But it is also a startling symbol of Coke's increasing concentration on fast-growing international markets.

Already the leader in soft drinks around the globe — it outsells PepsiCo Inc.'s Pepsi-Cola products 3.6 to 1 outside of North America — Coke is now investing even more money and management attention on its still-developing markets, such as Europe, and largely untapped regions, such as Asia.

Indeed, Coke is betting that foreign markets are the best investment at a time when a sweeping two-year restructuring has left it with strong cash flows, \$1.5 billion in ready cash and a like amount in borrowing capacity.

The restructuring involved spinning off Coke's entertainment business Pepsi as a separate publicly traded company called Columbia Pictures Entertainment Inc. The company also spun off its bottling holdings into a company called Coca-Cola Enterprises. In both cases, Coke retained a 49 percent share.

In the offices of the domestic soft-drink operations at Coke's headquarters complex in Atlanta, the talk, as always, is of market shares and cola wars, of Coke versus Pepsi. But in the offices of the company's top three corporate officers, a different statistical litany is recited.

Robert C. Goizetta, the Cuban-born chairman and chief executive; Donald R. Keough, the Iowa native who is president, and Claus M. Halle, a German who is president of the international division, tick off country-by-country per capita consumption figures as easily as they pop the top on their softer soft drink cans. In the United States, 274 eight-ounce servings of Coca-Cola products for every man, woman and child last year; Australia, 177; Germany, 155; Japan, 89; Great Britain, 63 and Thailand, 26.

Coke executives become almost giddy thinking about what it would be like if Thais drank as much soda as Texans. Mr. Keough lights up when he talks of Indonesia, where a population of 180 million in a hot, humid climate drinks only 3.2 servings of Coke products per person each

men's foreign-currency controls. In Italy and France, Coke needs to convince consumers to drink soda with meals.

"Sometimes the competition is Pepsi," said Mr. Goizetta, an intense former engineer who has headed the company since 1981.

Sales of its brands are growing at 6 percent a year versus 4.3 percent for the industry as a whole. Despite continuing problems with new Coke, its total market share for all its brands topped 40 percent last year for the first time, according to Beverage Digest, an industry publication. That kept Pepsi, whose share also grew, more than 10 points behind.

A decline in the share of original Coke, now called Coke Classic, has been arrested and reversed. Its market share last year was up nearly a full point, to 19.8 percent. Each share point represents about \$380 million in retail sales, according to Beverage Digest.

The company insists that new Coke remains its flagship brand in the United States — it was never introduced abroad — even though it is barely among the top 10 soft drink brands and its share is slipping steadily. Conceived as a sweeter, smoother drink to win the younger drinkers who were turning to Pepsi, new Coke is likely to survive as what Coke executives call their "attack" brand. By that they mean they can use it to battle Pepsi without sullaying the reputation of Coke Classic by comparing it directly to what in Atlanta is usually referred to only as "our nearest competitor."

Diet Coke, introduced in 1982, See COKE, Page 17



A Coke bottle for the Chinese market, still relatively small.

Coca-Cola AT A GLANCE		Coca-Cola	
All dollar amounts in millions, except per share data		per capita consumption, country-by-country, of eight-ounce servings.	
Three months ended			
Dec. 31	1987	1986	
Revenues	1,990	1,720	
Net Income	192.0	314.5	
Earnings per share	0.52	0.82	
Year ended			
Dec. 31	1987	1986	
Revenues	7,660	6,780	
Net Income	916.1	934.3	
Earnings per share	2.43	2.42	

Country	Per capita consumption
UNITED STATES	274
AUSTRALIA	177
GERMANY	155
JAPAN	89
BRITAIN	63
THAILAND	26
CHINA	0.2

Coca-Cola's brands are growing at 6% a year versus 4.5% for the domestic industry as a whole. Total market share was over 40% in 1987 with Pepsi-Cola more than 10 points behind, according to Beverage Digest.

"Sometimes it is water, sometimes it is wine." That kept Pepsi, whose share also grew, more than 10 points behind.

It may be some time before the French begin ordering caffeine-free Diet Coke with their cognac au vin, despite the French government's recent lifting of an 85-year-old law against the use of sugar substitutes in prepared

foods. But Coke can afford to be patient. Its immensely profitable domestic soft drink business has settled back into steady growth, three years after the bungled introduction of new Coke raised questions about whether the company had lost its marketing touch.

Coke executives become almost giddy thinking what it would be like if Thais drank as much soda as Texans.

## In South African Mines, A Residue of Distrust

More Turmoil Seen in Gold Industry, Reflecting the Country's Race Crisis

By John F. Burns  
New York Times Service

JOHANNESBURG — Along the undulating highway that leads southwest from this city, a traveler passes through countryside made lush by summer rains. It is a place of farms and fruit stalls, but on the hillside back from the road stand the sentinels of a harsher world, the towers of concrete and steel atop South Africa's richest gold field.

It was here in mines that underpin the economy of this racially divided nation that the National Union of Mineworkers, a black union formed in 1982, mounted a 21-day strike last August. Although the walkout was resolved relatively quickly, it was the most costly strike sustained by the economy and left a residue of distrust. It also left uncertainty about the future of South Africa's mining industry and the country's largest company, Anglo American Corp.

The stoppage ended with six strikers dead and hundreds injured and it cost hundreds of millions of dollars in lost production and physical damage. It also raised questions about the ability of Anglo American and other major mining companies to handle increasing militancy among black workers, who constitute more than 85 percent of the total work force.

Six months after the 1987 walkout, some mines are still struggling to regain the production levels of before the strike.

Although share values have at least partly recovered from the dismal levels of the strike, the continuing ill feeling suggests to many that the industry may be heading into years of strife that will further destabilize the economy. The strike seems to have hardened attitudes all around, within the government, the mining companies and not least among the miners.

The union's leader, Cyril Ramaphosa, has said the stoppage was only a "dress rehearsal" for future strikes, the first of which could come later this year when the one-year contract that emerged from the 1987 strike expires.

Mr. Ramaphosa, who is closely associated with the outlawed African National Congress, the leader of the political resistance among blacks, has vowed that there will be no end to confrontation on the mines until whites abandon apartheid.

For its part, the government has reacted by proposing changes in the labor laws that would make legal strikes more difficult to call and impose crippling financial pen-

This announcement appears as a matter of record only. MARCH 1988

U.S. \$1,000,000,000

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## Currency Rates

Cross Rates	March 11	March 14
Amsterdam	1.665	1.665
Bremen	1.665	1.665
Frankfurt	1.665	1.665
London	1.665	1.665
Paris	1.665	1.665
New York	1.665	1.665
Tokyo	1.665	1.665
Zurich	1.665	1.665

Other Dollar Values	March 11	March 14
Australia	1.665	1.665
Canada	1.665	1.665
France	1.665	1.665
Germany	1.665	1.665
Japan	1.665	1.665
Switzerland	1.665	1.665

Forward Rates	30-day	60-day	90-day
Pound Sterling	1.665	1.665	1.665
Japanese Yen	1.665	1.665	1.665
Deutsche Mark	1.665	1.665	1.665

Sources: Deutsche Bank (Frankfurt); Banca Commerciale Italiana (Milan); Banque Paribas de Paris (Paris); Bank of Tokyo (Tokyo); IMF (SORU); BAI (London, Paris, Athens); Goldman (New York). Other data from Reuters and AP.

## Last Week's Markets

All figures are as of close of trading Friday

Stock Indices	Mar. 4	Mar. 11	Mar. 14
DJ Index	2857.26	-1.11%	2857.26
DJ Trans.	807.12	-0.71%	807.12
S & P 500	291.25	-0.99%	291.25
NASDAQ	262.84	-0.89%	262.84
NYSSE	149.45	-0.65%	149.45

Money Rates	Mar. 11	Mar. 14
Discount rate	6%	6%
Federal funds rate	6%	6%
Prime rate	8 1/4%	8 1/4%
3-month interbank	8 1/4%	8 1/4%
6-month interbank	8 1/4%	8 1/4%
1-year interbank	8 1/4%	8 1/4%
Call money	8 1/4%	8 1/4%
3-month Treasury	8 1/4%	8 1/4%
6-month Treasury	8 1/4%	8 1/4%
1-year Treasury	8 1/4%	8 1/4%

World Index From Morgan Stanley Capital Intl.



New International Bond Issues

Compiled by Laurence Deslattes

Table with columns: Issuer, Amount (millions), Mat., Coup. %, Price, Price end week, Terms. Includes sections for Floating Rate Notes, Fixed-Coupon, and Equity-Linked.

EUROBONDS: Currency Fireworks Shake Market

(Continued from first finance page) U.S. trade figures for January will be reported. Most experts guess the deficit will widen to around \$14 billion...

tion of most of the speculative fizzle about the currency, the later issues were running into trouble. Especially lit was the offering from National Provincial Building Society...

yield on comparably dated domestic government bonds. But Credit Industriel & Commercial's 10-year offering did not attract much support despite a coupon of 6 1/2 percent...

Pirelli Seeks \$2.3 Billion to Fund Firestone Bid

By Carl Gewirtz International Herald Tribune PARIS — Pirelli SpA tapped the international credit market last week for \$2.3 billion to finance its proposed takeover of Firestone Tire & Rubber Co. Its unsolicited bid is valued at \$1.93 billion but on Friday, Pirelli said it was prepared to negotiate and be flexible on all the terms of the proposed agreement...

french and 8 basis points over Libor to borrow other currencies. If more than one-third is drawn there will be a utilization fee of 2 1/2 basis points and if more than two-thirds is used the fee rises to 3 basis points...

Competitors complained that the Boregrain terms were aggressive. Inveimer, the Italian state credit agency, is seeking 100 million ECU for seven years. Interest will be set at 15 basis points over the interbank rate for the first five years...

Economic Figures Bolster Treasury Bonds

By H.J. Maidenberg New York Times Service NEW YORK — U.S. bond prices rose as much as 3/4 of a percentage point Friday after a lethargic week, buoyed by indications of modest economic growth and a lower inflation rate...

which normally might unsettle the bond market by suggesting a relatively rapid rate of economic expansion. But the figure was smaller than expected, and was largely offset by a revised January figure showing a decline of 0.2 percent instead of the rise of 0.5 percent reported previously...

Acquisitions Helped Suchard Profit Climb 38% Last Year

ZURICH — Jacobs Suchard AG, the Swiss coffee and chocolate company, has reported a 38.8 percent rise in 1987 net profit to a record 265 million Swiss francs (\$193 million), helped by two acquisitions of U.S. and Belgian confectioners...

It margins, to 46 percent from 36 percent, although acquisitions also played a part. The improvement in margins resulted from growth in the higher-yielding confectionery business within the group, lower coffee and cocoa prices and the fall of the dollar...

Administration's proposal for a new government-owned rocket factory, Wasatch could find itself out of the shuttle business entirely by the early to mid-1990s, industry officials say. "This was a growth business in

chemical Corp., a synthetic rubber maker that founded the Wasatch facility in the 1950s to make rocket propulsion systems for the Air Force. But as with many Wall Street combinations that are initially praised by analysts, the merger produced tensions, as well as a subtle but marked shift in corporate culture, according to several former executives...

Aerospace is Heavy Cargo for Morton Thiokol

Analysts Say Conglomerate Plans to Jettison Trouble-Plagued Division

By Michael Isikoff Washington Post Service PROMONTORY, Utah — Before one of its solid rocket boosters blew up on national television in 1986 and crippled the U.S. space shuttle program, Morton Thiokol Inc.'s best-known product was Morton table salt, whose trademark slogan was, "When it rains, it pours."

in Utah: Its work force of 8,000 makes it the largest private employer in the state. Last fall Morton Thiokol's chairman, Charles Locke, a self-styled "old-eyed accountant," alarmed employees in the sprawling facility when he told financial analysts that he would be willing to sell his company's aerospace division if somebody were to make an attractive offer.

What Shuttle Means to Morton Thiokol Goldman Sachs's estimates of shuttle-related contributions from various divisions for fiscal years ending June 30, in millions of dollars. The chart shows a significant decline in aerospace revenue over time.

For aerospace as a whole, the contribution to company profit has fallen below 27 percent from nearly 50. The early 1980s, but like any business, it changes over time and this one has changed negatively, says Ms. Plourde. "I think they have got other things they want to do."

"I think it's a good bet that this business is going to be a couple of years in the doldrums. Plourde, an investment analyst who tracks the firm for the investment firm of Drexel Burnham Lambert Inc. "All they are getting from aerospace is a low return on their investment and a big headache."

Hong Kong Exchange Names a Canadian CEO WWINNIPEG, Manitoba — Douglas Ford has resigned as president of the Winnipeg Commodity exchange to become vice chairman and chief executive officer of the Hong Kong Futures Exchange.

KfW Kreditanstalt für Wiederaufbau Frankfurt am Main, issues 6 1/2% Bearer Bonds of 1988 (1998) in a total amount of DM 750,000,000.— The net proceeds of this issue will be used for long-term investment loans. DM 700,000,000.— of this amount are offered for sale by the syndicate of banks listed below.

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### Chinese Mines Fall Short of Targets

BEIJING — China's gold mining industry, which is believed to be the world's fourth largest, is failing to meet output targets this year, according to official press reports.

Smugglers, robbers, shortages of electricity, poor transportation and hoarding were cited by the China Daily. The state-owned China Gold Co. was quoted on Saturday as saying that mines had met less than 60 percent of the output target for the first two months of 1988.

State officials said output figures were secret, but industry sources estimate China's production at around 50 to 65 metric tons a year, ranking after South Africa, the Soviet Union and Australia.

Gold mined by licensed individuals, who are bound by law to sell to the state, accounts for about 5 percent of national output. But because China pays only 994.1 yuan (\$269) per ounce — the world price is around \$440 — miners smuggle gold out of the country.

## GOLD: In South Africa's Mines, a Residue of Distrust and Prospects for Further Labor Conflict

(Continued from first finance page)

year, 55 percent of the noncommunist world's production.

At a price of \$440 an ounce this year, nearly half of South Africa's total exports. About 50 percent of these revenues end up in the Treasury, which has led some black militants to charge that apartheid is a system built on gold.

In 1979, the government, seeking a less repressive image after the 1976 riots in Soweto, a black satellite city outside Johannesburg, accepted the recommendations of a commission that urged the extension to black unions of labor rights traditionally enjoyed by whites.

When Mr. Ramaphosa began organizing the National Union of Miners in 1982 it was natural that his efforts should focus on Anglo-American. Mr. Oppenheimer, now nearly 80 and retired, had argued insistently during the 1970s for the right of black unions to be established under law. It was a stand that at the time was far from universally popular in industry.

Mr. Oppenheimer did not pretend that his purposes were solely altruistic: A failure to transfer "the benefits of a free enterprise society" to blacks, he argued, would push them toward radical political solutions. Mr. Oppenheimer has backed his convictions with hundreds of millions of dollars in support for improvements in black housing, education and medical care, as well as the moderate white political grouping, the Progressive Federal Party.

Perhaps the most significant contribution the company made was to encourage, or at least not to seriously hinder, the union's recruiting efforts in Anglo-American

mines in the 1980s. While membership lagged at other mining concerns, the union counted 60 percent of its 245,000 members among Anglo-American employees by 1987.

The strike in August hit Anglo-American harder than any other company. Two-thirds of the 44 gold and coal mines that closed belonged to Anglo-American or to companies it controlled, and the company's executives felt that their tolerance toward the union had been ill-rewarded.

A visitor to the Western Deep Levels mine, whose 23,000 black workers make it one of Anglo-American's largest, senses how distant a resolution of the tensions generated by the strike continue to smolder, so much so that white managers worry that years of efforts to foster an improving morale have been lost.

Inside the mine near the town of Carletonville, 50 miles (80 kilometers) southwest of Johannesburg, a visitor finds ample evidence of the effort to improve the miners' well-being. Newly renovated hostels, modern sports facilities and a new town, Wedela, where miners with families are being encouraged to buy company-subsidized homes, give concrete expression to Mr. Oppenheimer's vision of black employees as beneficiaries, not victims, of the system.

But among Anglo officials in day-to-day contact with the miners, there is little optimism that the effort can assuage the deeper passions unleashed by the strike.

Frederick J. Bayley, general manager of the Anglo-American subsidiary that controls Western Deep Levels and a neighboring



Black workers constitute more than 85 percent of the work force at South Africa's gold mines.

mine, said he believes that the mining companies have no alternative but to continue to accept unionization. But he said he was also convinced that this would make the mines a hostage to the country's political tensions.

"Put yourself in the shoes of the ANC leadership," Mr. Bayley said.

"You're not going to fight an open war. The obvious answer is to go for the heart of the country's economy, and where better to focus than the gold mines?"

When the strike began, senior executives in Johannesburg were confident that the union could not sustain it for more than 72 hours. It

was a bad mistake, since it quickly became obvious that a stoppage that lasted longer than a few days was going to damage deep-level workings.

Within a week, Mr. Bayley and his colleagues at other mines were reporting to Johannesburg that prompt action to end the walkout had to be taken if the mines were not to be damaged beyond repair. It was then that the company decided to issue a 48-hour ultimatum to workers involved in deep-level operations to resume their shifts or be dismissed.

After a false start at Western Deep Levels, where 3,000 men went underground and promptly began a sit-in, the ultimatum was extended. Ultimately 45,000 men were fired by Anglo, nearly one of every four working in the company's gold mines.

According to the company's quarterly report, production losses caused by the strike ran to more than \$50 million.

Among the miners, the consequences are of another kind. Sullen silences are common when visitors descend into the mine and inquire about the strike.

A miner eating lunch in a cafeteria, wearing a union sweatshirt showing a miner raising a clenched fist, said that white supervisors had victimized workers who joined the strike.

At Anglo headquarters, executives say they are resolved never to allow strike action to damage the company as badly again. In the

next contract, they said, they seek a no-strike agreement for deep-level mines, or the inclusion of miners responsible for works the deepest shafts among the workers classified as essential is thus exempt from strike action.

Robert M. Godsell, the company's principal consultant on labor problems, acknowledged that it cracked down to end the strike is prompted tense internal debate. But he said that once the strike had been taken, a consensus emerged. He suggested that when company's survival is threatened managers eventually reach a point when they "seek to resume production by whatever means they are available."

In a bid to mend fences with the union, the corporation agreed after the strike to a three-month period in which dismissed strikers would be considered first as the company began rehiring. By last month more than 30,000 fired miners had been taken on again.

At the same time, the corporation has warned the union to adopt a less militant stance. If Mr. Ramaphosa attempts to use his power at the mines to advance a political agenda, Mr. Godsell asserted, he will end up compromising the material gains that can be won for his members, and invite backlash from the government.

But Mr. Ramaphosa's deputy Marcel Golding, 27, dismissed suggestions that the union should sidestep "bread-and-butter" issues. Virtually everything about the mining industry, he said, was tied up with apartheid.

More than anything, Mr. Golding said, the proof of the identity of interest between the African who devised the apartheid system and "mine bosses" like Mr. Oppenheimer was their failure, despite years of promises, to pay black miners a decent wage.

"The vast majority of the workers at the mine face — and they are the largest group on the mines — are earning between 280 rand and 300 rand a month," Mr. Golding said. "And by every measure we want to use, that's below the poverty line. So what you have here is a company that promises the benefits of free enterprise, and keeps them all for the whites."

In a few months, negotiations begin on a new 12-month contract. Early conversations suggest that Mr. Ramaphosa will be bidding for a wage increase beyond South Africa's inflation rate, currently running at close to 17 percent. At Anglo-American, executives have said they will fight anything that imposes a drag on earnings.

For the union and the Chamber of Mines, it may be difficult to avoid another strike. But whatever becomes of the talks in 1988, the industry seems set for a long period of turmoil, with no end in view until the country reaches a broad accommodation on the matters that divide whites and blacks.

### FIDELITY SPECIAL GROWTH FUND

Société d'Investissement à Capital Variable  
13, Boulevard de la Foire  
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#### Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of the shareholders of FIDELITY SPECIAL GROWTH FUND, a société d'investissement à capital variable organized under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal and registered office of the Fund, 13, Boulevard de la Foire, Luxembourg, at 11 a.m. on March 31, 1988, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors;
2. Presentation of the Report of the Statutory Auditor;
3. Approval of the balance sheet and income statement for the fiscal year ended November 30, 1987;
4. Discharge of the Board of Directors and the Statutory Auditor;
5. Ratification of the co-optation of Compagnie Fiduciaire as a Director of the Fund in replacement of Fininvest S.A.
6. Election of eight (8) Directors, specifically the re-election of the following eight (8) present Directors: Messrs. Edward C. Johnson Sr., William L. Byrnes, Charles A. Fraser, Hisashi Kurokawa, John M. S. Patton, Harry C. A. Seggerman, H. F. van den Hoven and Compagnie Fiduciaire;
7. Election of the Statutory Auditor, specifically the election of Coopers & Lybrand, Luxembourg;
8. Authorization of the board of directors to declare dividends in respect of fiscal year 1987 if necessary to enable the fund to qualify for "distributor" status under United Kingdom tax law.
9. Proposal, recommended by the Board, to amend the provisions of Articles 8 and 9 of the Fund's Articles of Incorporation which presently provide that any owner of more than 3% of the number of shares of the Fund is authorized to issue many to be required by the Fund to redeem that excess amount. The Board recommends that the provisions be amended to permit the Fund to require any beneficial owner of more than 3% of the outstanding shares to redeem the excess.
10. Consideration of such other business as may properly come before the meeting.

With the exception of Item 9, approval of the above items of the agenda will require the affirmative vote of a majority of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present. Approval of Item 9 will require a quorum of at least a majority of the shares outstanding on the Meeting date and the affirmative vote of two-thirds of the shares present or represented at the Meeting. If a quorum is not present, Item 9 may be voted on at an adjourned session of the Meeting, at which no minimum number of shares will be required to be present or represented in order for a quorum to be present. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: February 15, 1988

BY ORDER OF THE BOARD OF DIRECTORS

## Squeeze on Pretoria Could Threaten Debt Repayments

JOHANNESBURG — Buffeted by sanctions and the falling price of gold, South Africa faces a financial squeeze that could threaten its ability to keep up heavy repayments of foreign debt.

In the past three years, Pretoria has used the surplus on its current account to repay about \$5 billion in foreign debt. But in January the current account, a broad measure of trade in goods and services, swung into a deficit of \$50 million, according to customs figures released last week.

The unexpected deficit, the first since 1984, sent an early warning signal to international creditor banks.

Trade has been hit by a drop of more than 40 percent in South Africa's exports to the United States in the first nine months of 1987, under the impact of anti-apartheid sanctions.

U.S. Commerce Department figures show that South African exports to the United States, once the nation's biggest trading partner, plummeted to \$1.01 billion from \$1.82 billion during the nine months, while imports from the United States edged up to \$910 million from \$863 million.

"I wouldn't say that there's a need to panic about debt payments," said Mike Brown, an

economist at stockbrokers Davis, Borkum, Hare Inc., "but there is certainly a need for caution."

The shrinking balance of payments poses a problem for Finance Minister Barend du Plessis, who presents the national budget to Parliament on Wednesday.

More austere economic policies run the risk of aborting a tentative revival in the economy and alienating white voters.

South Africa has been forced to curb domestic growth in favor of a current account surplus since 1985. In September of that year international banks, alarmed by insurrection in black townships, refused to allow delays in payments on loans.

This prompted Pretoria to impose exchange controls and declare a moratorium on the repayment of \$14 billion of short-term foreign loans.

In March 1986, South Africa agreed with its major commercial bank creditors to repay 5 percent of the short-term debt by the end of June 1987.

In March last year, South Africa and the banks, which hold 80 percent of the short-term debt, agreed to extend for three years specific limits on repayments of the debt.

Under present conditions, Standard Bank

Ltd. said in an economic review, "A current account deficit cannot be allowed to emerge."

Mr. Brown said, "The January figures are not the end of the world, but they do emphasize how quickly the current account can move from a surplus to a deficit."

In January, when the current account moved into deficit, the price of gold was hovering around \$480 an ounce. It has since fallen to around \$440.

Chris Stals, director-general of finance and head of Pretoria's foreign debt negotiating team, said it was not unexpected that the surplus on current account should shrink this year.

But, he added, "Our debt repayment commitments are also much smaller this year."

"I've had absolutely no indication from the creditor banks that they are worried about the situation," he said.

South Africa has reduced its foreign debt to an estimated \$21 billion but will have to run surpluses until mid-1990 to meet its repayment commitments.

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■ 4 JUNE. An *al fresco* champagne reception at the Great Wall organized by Maxim's of Paris. Names of participants will be engraved on plinths at the base of the Wall, after a picnic luncheon sponsored by Petrossian.

■ A brilliant reception at the Great Hall of the People, featuring performances by world-renowned artists: Paolo Conte, Mireille Mathieu,

As the high point of a ten-day journey to historical China, three days of festivities to benefit the restoration and preservation of two of mankind's greatest achievements: the City of Venice and the Great Wall of China. Proceeds to be distributed under the control of UNESCO.

Teresa Berganza, Montserrat Caballé, Mady Mesplé, Maia Plisserskaia, Manuel Legris and Sylvie Guillemet accompanied by the Beijing National Orchestra, followed by an all-night surprise cabaret party organized by Maxim's.

■ 5 JUNE. A banquet in the Forbidden City, together with an art auction — under the direction of Sotheby's — of specially designed works by such famous artists as:

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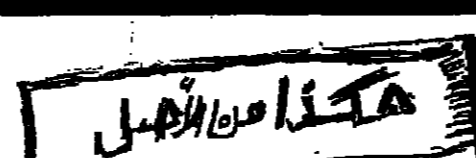
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TOYOTA: On the Assembly Line, Kentuckians Struggle to Learn Japanese Ways

(Continued from Page 1) ... having been trained so far ...

They are more dexterous than I expected, and easier to teach, said Nobuyuki Matsuo, Mr. Evers' trainer ...

tor of Toyota and president of the Kentucky venture. "The importance of the Japanese economy in the world has shifted over the past ten years."

And, Mr. Kusumoki added in a recent interview, "I really have great faith in the people in Kentucky."

Through its training program in Japan, Toyota aims to export to its U.S. venture the group loyalty, dedication to the company and willingness to work hard that have helped bring the automaker success.

By 1991, Toyota has said, 75 percent of the value of each of the 200,000 Camrys rolling off the line each year will be produced in the United States.

One such employee is Dennis Raymer, who gave up a secure office job with the Social Security Administration to work in Toyota's paint shop.

Mr. Evers, who has three school-age children and left a job in California in a joint venture with General Motors Corp.

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And, Mr. Kusumoki added in a recent interview, "I really have great faith in the people in Kentucky."

The feeling appears to be mutual. More than 53,000 people have applied for 2,000 jobs.

By 7:45 A.M., Mr. Klein was stuning with Mr. Ushijima and a dozen other workers in the meeting room for the bumper assembly team.

With inspirational messages and warm-up exercises, finished — "They're voluntary, but I haven't seen anyone not participate," one American worker said.

Yoshi? Mr. Klein and the other workers shared in agreement.

For two hours, the bumper assembly team and the rest of the factory workers toiled without rest.

Mr. Klein, broad and bearded, is a big man, even by Kentucky stan-

ards. Big enough to give his trainee, the compact Tomohiko Ushijima, pause.

"When I saw him, I thought he was very, very big," said Mr. Ushijima, 44, and a Toyota employee for 18 years.

"These people simply do not stop from the moment they walk in to the moment they walk out," said Elizabeth Fair, an engineer who left a military-related consulting company to work for Toyota.

In the eyes of some workers, there is a price to be paid for such discipline.

"You can expect to get 'posted' from one plant to another and even have to uproot the family as a consequence," Mr. Dore wrote.

But, if workers object to such treatment, they cannot expect much help from the company union, which sees its role mostly as a partner of the corporation dedicated to increasing productivity for the good of all.

So far, the American workers seem willing to accept that philosophy. Asked whether the Kentucky workers would form a union, Mr. Evers said he hoped not.

"I don't think we'll need it," he said. "I don't know why we would."

executive in charge of the U.S. plant, said he has no illusions about the difficulty of transplanting the spirit of "mutual trust" into American workers.

"We are successful in the first step," he said. "I can say that they all have the basic understanding of the spirit, and they all basically agree to the spirit."

"But once they start working at the plant, they may face some problems and they may raise some questions about the spirit," he added.

However, Toyota is betting that the U.S. workers it trains will stay long enough to make the program worth its while.

The Americans in Toyota City said they have made a long-term commitment, too.

"There was a time in America when you could say 'show this job, and go find another one,' Mr. Evers said. "You can't do that anymore. This is my last job."

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COKE: Pouring More Effort Into Overseas Markets

(Continued from first finance page) continues to be one of the most successful new products of the decade.

"The three most important things about the soft drink market today," said Jesse Meyers, publisher of Beverage Digest, "are Diet Coke, Diet Coke and Diet Coke."

Coca-Cola believes its growth will continue to surpass the projected industry average of 4 percent for the next several years.

Much of Coke's domestic growth is being driven by an overhaul of its bottling system.

Coke began taking equity positions in some of its largest bottlers, which historically have been predominantly independent franchisees.

Mr. Teasley quickly determined that the British market would be better served by a single, more aggressive bottling operation.

The trend came to a head in 1986, when Coke acquired two of its largest bottlers outright, forming the nucleus of what later was turned into Coca-Cola Enterprises.

Coca-Cola is applying much the same strategy to its international operations, investing in bottling operations and spending heavily on plants and distribution systems.

Britain, for example, had long been a puzzle to Coke. Its per capita consumption was far lower than might have been expected for an English-speaking country with close cultural ties to the United States.

Several years ago it decided to investigate, buying one of the two Coke bottlers in the United Kingdom from Grand Metropolitan PLC and sending Harry E. Teasley Jr., who had previously headed the company's divested wine business, to run it.

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ment, to take more control of weak operations and to keep bottling operations in qualified hands.

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NASDAQ National Market

OTC Consolidated trading for week ended Friday.

Table with columns: Sales \$, High, Low, Close, Open, Change. Lists various OTC stocks and their trading data.

U

Table with columns: Symbol, Price, Change. Lists various U.S. stocks and their trading data.

T

Table with columns: Symbol, Price, Change. Lists various T-bill and Treasury securities.

V

Table with columns: Symbol, Price, Change. Lists various V-bond and V-note securities.

W

Table with columns: Symbol, Price, Change. Lists various W-bill and W-note securities.

Y

Table with columns: Symbol, Price, Change. Lists various Y-bill and Y-note securities.

Z

Table with columns: Symbol, Price, Change. Lists various Z-bill and Z-note securities.

Euromarts At a Glance

Table listing Euromart services and rates for various countries and currencies.

American Exchange Options

Figures as of close of trading Friday, March 11

Table with columns: Option & price, Calls, Puts. Lists American exchange options for various stocks.

Chicago Exchange Options

Figures as of close of trading Friday, March 11

Table with columns: Option & price, Calls, Puts. Lists Chicago exchange options for various stocks.

ESCORTS & GUIDES

Table listing various escort and guide services with contact information.

INTERNATIONAL CLASSIFIED

(Continued from Back Page)

Table listing international classified services, including escorts, guides, and travel agencies.

SPORTS

SPORTS BRIEFS

Ill, Angels' Mauch Takes Leave



Gene Mauch

By Mike Penner
Los Angeles Times Service
MESA, Arizona — Gene Mauch removed himself as manager of the California Angels late Friday and returned to his home in Palm Springs, California, where he will remain indefinitely to undergo physical testing and, as he put it, "to get after it."

Cinderella U.S. Basketball Team Bows Out

NEW YORK (NYT) — Oregon-Davis, the Cinderella high school team from Indiana, reached the end of the trail Saturday afternoon by losing to Portage, 74-71, in the state's regional basketball tournament in Michigan City.

Sindelar Leader by 1 Stroke in Honda Golf

CORAL SPRINGS, Florida (AP) — Joey Sindelar birdied the 18th hole to take a one-stroke lead after Saturday's third round of the Honda Classic golf tournament.

Eight players had either led or shared the lead during the day before Sindelar rapped in the 8-foot (2.5-meter) putt on the final hole. His 4-under-par 68 on the windswept TPC course at Eagle Trace gave him a 54-hole total of 206 and a one-shot edge over Scotland's Ken Brown, who shot a 70.

The group at 208 included Ray Floyd (a 68), Sandy Lyle (70), Tommy Nakajima (71) and Ed Fiori (71). Tom Byrum and Jodie Mudd were at 209, three shots off the pace.

In addition to Sindelar and Brown, Nakajima, Fiori, Mudd, Lyle, Fred Wadsworth and Dan Forsman all had a piece of the lead at one time or another. But Forsman faded to a 77 and finished at 214 and Wadsworth, who on Friday had pitched in for an eagle-2 that moved him into a six-way tie for the lead after two rounds, struggled in at 80-217.

Quotable

Kirk Gibson, recently acquired from Detroit by the Los Angeles Dodgers: "I'm more intense than most people. I don't expect every body to be like me. It kills me to fail in a game-winning situation. I hate to lose." (AP)

Pitcher Brian Fisher, on the difference between working for the Pittsburgh Pirates and the New York Yankees: "I had a lot more fun in Pittsburgh. The manager and coaches aren't worried about their jobs or getting fired, the front office people don't have a maniac running around firing you the minute you drop a pencil." (AP)

WORLD STOCKS IN REVIEW / Via Agence France-Presse

Amsterdam
Amsterdam stock prices rose slightly last week, supported by a fairly firm Wall Street and dollar. The ANP-CBS general index finished the week at 241.1, up from 238.0 the previous Friday.

Paris
A sharp drop in share prices on Friday led to a loss on the Paris Bourse for the week. The CAC index finished the week at 294.8, against 298.0 the previous Friday, though it had closed at 301.0 on Thursday.

Singapore
The Singapore stock market scored moderate gains during a week of uneven trading. The Straits Times Industrial Index finished the week at 940.56 points, a gain of 19.96.

Hong Kong
Prices on the Hong Kong Stock Exchange rose further last week, with the Hang Seng Index breaking through 2,500 points.

London
Prices on the London Stock Exchange moved down last week, mainly because of the pound's rise past the 3 Deutsche mark barrier.

Zurich
Share prices were irregular in Zurich last week. The Credit Suisse index finished at 458.4, down from 463.5 the previous Friday.

Milan
The Milan stock market was in an optimistic mood last week. The Comit index rose to 506.87 from 489.39 the previous Friday.

Frankfurt
Prices on the Frankfurt stock market rose slightly last week in cautious trading. The Commerzbank index finished the week at 1,392, up 3.3 from the previous Friday.

Tokyo
Share prices suffered their first setback in seven weeks on the Tokyo Stock Exchange last week in heavy trading.

Madrid
The Nikkei stock average closed Friday at 25,543.73 yen, down a moderate 83.84 yen from the previous week. The market was closed Saturday. The average for 225 selected issues had gained 342.70 yen the week before.

Stock prices were irregular in Madrid last week. The Credit Suisse index finished at 516.1, almost unchanged from 516.4.

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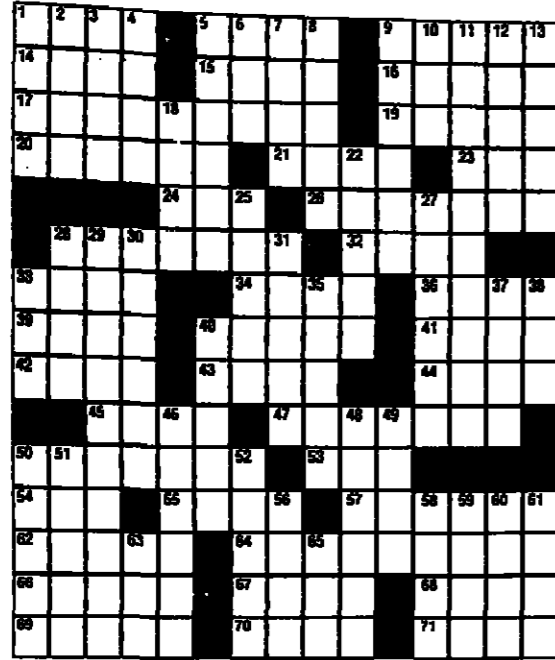
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ACROSS
1 Diner's faux pas
5 Pompous one
9 Helen's abductor
14 Minor
15 Verdi classic
16 Much too heavy
17 Dignitary's grand welcome
18 Soup scoop
20 Oppose boldly
21 Truck of a sort
23 Haw's companion
24 What a cheerleader has
25 Concealed matters
28 China of Germany
32 Buck or hart
33 Idyl or sonnet
34 Computer's diet
38 Agamemnon's war god
39 Actor Ray
40 Part of U.S.N.R.
41 Hangchow export
42 Bothersome individual
43 Kudos at the corrida
44 "You," platters hit

© New York Times, edited by Eugene Malachuk

DENNIS THE MENACE



"I KNOW! LET'S BOIL ALL THESE CRAYONS AND MAKE PAINT!"

WEATHER

Table with columns for EUROPE, ASIA, AFRICA, LATIN AMERICA, NORTH AMERICA, MIDDLE EAST, OCEANIA. Lists cities and weather conditions.

MONDAY'S FORECAST — CHANNEL: Rough. FRANKFURT: Overcast. Tientsin: 4-1 (F-3). LONDON: Sunny. Milan: 11-5 (52-41). MADRID: Cloudy. Tampa: 7-1 (57-31). NEW YORK: Partly cloudy. Tokyo: 7-1 (45-31). PARIS: Overcast. Tientsin: 11-5 (52-41). ROME: Partly cloudy. Taipei: 15-7 (59-45). TEL AVIV: Not available. ZURICH: Overcast. Tampa: 7-1 (57-31). BANGKOK: Hot. Tampa: 7-1 (57-31). HONG KONG: Partly cloudy. Taipei: 15-7 (59-45). MANILA: Cloudy. Tampa: 7-1 (57-31). SINGAPORE: Sunny. Tampa: 7-1 (57-31). Singapore: Sunny. Tampa: 7-1 (57-31).



CHIVAS
What word best describes it?

Piccard Wins Cup Super-Giant

BEAVER CREEK, Colorado — Franck Piccard of France duplicated his Olympic success Sunday, winning a men's World Cup super-giant slalom by 22-hundredths of a second over the circuit's dominant super-G skier, West German Markus Wasmeier.

Piccard, the super-G gold medalist at the Olympics, blew past Wasmeier with a run of 1 minute, 45.97 seconds over a 41-gate course.

Wasmeier, who had won four of the 10 super-Gs held over the past three seasons, placed second in 1:46.19, and Marc Girardelli of Luxembourg was third in 1:46.25.

It was Girardelli's third consecutive third-place finish here after finishing in the same position in downhill on Friday and Saturday.

Switzerland's Pirmin Zurbriggen, the overall cup leader, rebounded from poor downhill results to finish fourth in 2:46.26. But

That downhill, a makeup of race weathered out last week in Canada, was won by another Swiss, Franz Heinzer, in 2:29.32. Chris tophe Pic of France was second, best career finish, in 2:29.73.

On Saturday, Michela Figini of Switzerland secured her hold on the women's downhill title by winning a race in Rosslund, Brno, Columbia.

The triumph virtually assures Figini the cup downhill title going into the season's final race at Saalbach, Austria, at the end of the month. Figini has 143 points, leading Oeri by 24. Oeri could win the title only if she finished first at Saalbach and Figini did not finish in the top 15.

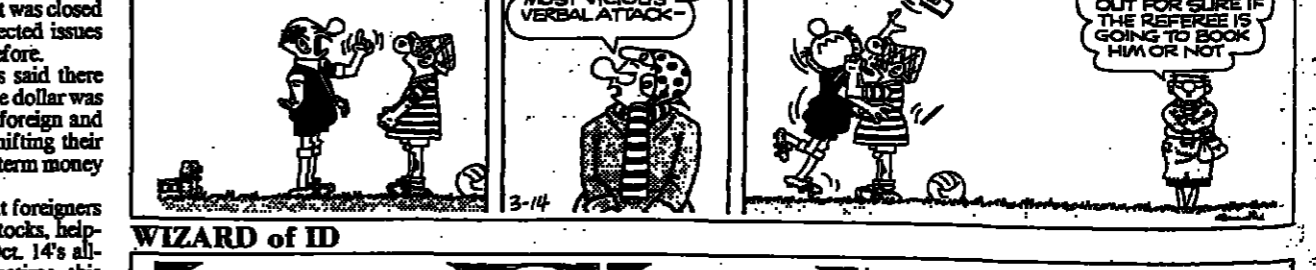
Oerli and Figini also are in close race for the overall title, with Oerli ahead by three points. A women's super-giant slalom was scheduled for Sunday at Rosslund.

(UPI, AP)

PEANUTS



BLONDIE



BEETLE BAILEY



ANDY CAPP



WIZARD OF ID



REX MORGAN



GARFIELD



SPORTS

Wyoming Keeps Crown in WAC

PROVO, Utah — Eric Leckner scored 22 points, including four late in the game, to lead 14th-ranked Wyoming to a 79-75 victory over Texas-E Paso here Saturday for the Cowboys' second straight Western Athletic Conference tournament title.

Unwanted Child Grows Up, Loved by All

By Malcolm Moran
New York Times Service
NEW YORK — We'll hear about The Road to Kansas City until we've memorized every turn. Late Sunday, the selection and seeding of the 64 basketball teams for the 50th National Collegiate Athletic Association tournament, a process that once consisted of a few telephone calls, was again to be presented live on U.S. network television.

Florida's Ronnie Montgomerie, in full swing, and Alec Kessler went to Round 2 after a collision four minutes into Saturday's game. Both were ejected; Georgia won the SEC semifinal, 72-70.

Costa scored a career-high 26 points to lead Boston University over Niagara for the league title.
PCAA
Utah St. 86, Utah Irvine 79: In Englewood, California, Kevin Nixon scored 19 points as Utah State beat UC-Irvine to win the Pacific Coast Athletic Association title.

Not so long ago, the tournament was the secret of a cult following that obtained its information through small syndicated television networks or radio broadcasts picked up in automobiles.

Chamberlain and the Jayhawks by a point to win the championship.
UCLA became a four-letter word to opposing coaches and players when Kareem Abdul-Jabbar was known as Lew Alcindor, Bill Walton's red hair was longer and the Bruins won 10 championships in 12 seasons from 1964 through 1975.

SCOREBOARD

Table with columns for U.S. College Results, Basketball, and Tennis. Includes scores for various college sports and tennis matches.

NHL Standings

Table showing NHL Standings for various teams, including columns for wins, losses, and points.

European Soccer

Table showing European Soccer results for various leagues and tournaments.

World Cup Skiing

Table showing World Cup Skiing results for various events and athletes.

Transition

Table showing Transition results for various sports events.

Exhibition Baseball

Table showing Exhibition Baseball results for various teams.

FRIDAY'S RESULTS

Table showing Friday's Results for various sports events.

Fay, Cup Defenders Remain at Odds

The Associated Press
AUCKLAND, New Zealand — New Zealand syndicate head Michael Fay on Sunday criticized the San Diego Yacht Club's refusal to stage a multinational America's Cup challenge.

Nets Fined \$25,000 in Drug Case

United Press International
NEW YORK — The National Basketball Association, despite rejecting former New Jersey Coach Dave Wohl's assertions that he had advised team management of the existence of drug paraphernalia in Orlando Woolridge's training camp hotel room, fined the Nets \$25,000 late Friday for failing to advise the league office of the incident.



FEATURED SOLIST — Jon Sanders acknowledged a cheering welcome Sunday when he sailed into Fremantle, Australia, after completing his record-setting third single-handed circumnavigation of the globe. Aboard the 45-foot sloop Parry Endeavor, Sanders made the circuit in 658 days.

Let's Return to the Point

By William Safire

WASHINGTON — High up in the scenery of language, in his lair among old mental sets, lurks the Phantom of the Phrases...

In Act 2 of "The Phantom of the Opera," the hit musical drama by Andrew Lloyd Webber and Charles Hart now on Broadway, the Phantom enters disguised as Don Juan and sings a song titled "The Point of No Return..."

The novel on which the musical is based was written in 1911. "Point of no return" is an aviation phrase and came into use long after the era of the Phantom or any of his terrified friends...

The first figurative use of the phrase is in Eric Hodgins' 1946 novel "Mr. Blandings Builds His Dream House," in which the author wrote of the delight of dying of old age in a rented apartment...

The colorful, doom-laden phrase now means "the critical moment or point in a course of action at which commitment has become irrevocable..."

Can you imagine the delight of a pop lexicographer when presented with a new four-volume dictionary of economics? If there is one thing the world of words has long needed, it is an "Oxford English Dictionary for Economics..."

Learned students of the economics dodge — once called "political arithmetic" — have reviewed these tomes (named for the British banker Robert Harry Inglis Palgrave; priced at \$650) in terms of substance and ideas...

Not is the golden rule what it seems to most outsiders. To Bible readers, this is "Do unto others as you would have them do unto you..."

The Rising Star of Anne Sinclair

PARIS — Glossy posters, plangent slogans, photo opportunities and political rallies that might have been staged by David Bowie...

Already voters have seen Raymond Barre in a rather hairy brown jacket which, everyone agreed, changed his image and made him relax...

Like semiologists, voters have studied the slogan "Génération Mitterrand" and they have agreed, with the Paris daily Liberation, that the election will be for the first time decided on television...

Two of the top TV shows for candidates and party leaders are "Sept sur Sept," a Sunday night recap of the week's news commented on by a distinguished guest, and "Questions à Dominique," in which the subject unavailingly invites the camera into his or her home...

Before Prime Minister Jacques Chirac went on "Questions à Dominique" on March 6, Le Monde stated that Chirac counted on the program to quicken his campaign...

moods don't bother me as long as I can do my job. In eight days last month Anne Sinclair had a total of four hours of air time with three programs on Barre (it was for her that he wore his hairy brown jacket)...

"And after that, the rest home," she says. During the actual campaign she will concentrate on interviewing cultural and intellectual figures, having already done the politicians...

"It's hard for me, I'm not someone who just goes on camera. I do a lot of work," she says. She worries slightly about overexposure — "people get tired of you if you are seen too much" — although she consistently comes high in polls...

This Woman Who Counts is good looking and smart, known for her fuzzy pullovers from Anny Blatt or Missoni and the smile with which she ends each question, no matter how sharp. She is complaisant in the sense that she gives her subjects ample room in which to navigate, and sometimes drown, and she is totally assured, having done her homework and knowing that a male guest who is rude to her will dent his image with the viewing public...

"Also, I thought it would be more satisfying to build up a product oneself rather than be the locomotive of a train heading toward the station. And I would not have been in charge. It's interesting to be the editor in chief of your news show and not just the mouthpiece..."



French TV's Sinclair: "Politicians' moods don't bother me."

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She met the former prime minister at the end of the 1960s and wrote for his newsletter. "Above all I got to be with him, to know him, to love him. He gave me the taste for public service, for civics and morality. He didn't give me a taste to go into politics — which I wouldn't have liked — but to observe and analyze it. Journalism gives me a chance to see and to understand, to be the link, the mediator, between the citizen and the event..."

French TV's Sinclair: "Politicians' moods don't bother me."

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